

The Incorporated Accountants' Journal

The Official Organ of The Society of Incorporated Accountants and Auditors

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smoothly and, in the light of present knowledge, can no longer be regarded as a mere temporary makeshift while the gold standard is in abeyance.

The Hon. Rupert E. Beckett, speaking at the annual meeting of the Westminster Bank, expressed the view that British industry was still in robust strength—a strength which had been attained largely without adventitious aids, rearmament work being a very small proportion of the gross output of the country. The supplementary expenditure on defence, he said, was at the rate of about £150 million per annum, whereas, according to official figures, the total gross output of British industry last year amounted to between £3,500 million and £4,000 million. An important factor making for stability was the relatively large purchasing power of the wage-earning section of the community, resulting from the greatly increased numbers of employed workers in recent years. This was shown, he said, by the great increase in the imports of food and certain other domestic requirements.

A very unusual position has arisen in relation to the affairs of Maple & Co., Limited. The company has been advised by counsel that not more than half of the premiums on new issues of shares should have been placed to reserve, whereas in practice the whole of such premiums have been so allocated. The total excess amounts to as much as £209,000, which the company is now advised should be treated as profits available for distribution, part going to the ordinary stockholders, and part to the holders of the management shares. The new proposals of the governors and directors in relation to this matter involve the relinquishment of their claims in respect of the sum which has been incorrectly included in

Professional Notes.

THE chairmen of several of the large banking institutions have now expressed their views on the business outlook. Mr. Reginald McKenna, the chairman of the Midland Bank, while admitting the importance of American developments in their effect on other parts of the world, considers that it would be wrong to deduce from recent commodity and stock exchange movements that we are necessarily on a lasting downward curve. Contrasting the fall of 200,000 in employment (as measured by the number of insured workers) in the six years from 1925 to 1931 with the increase of 2,100,000 in the next six years, he remarks that no figures could exemplify more clearly the change in our economic position in the two periods. Mr. McKenna also thinks that the system of a managed currency in this country has fully justified itself. The system, he says, is working

the reserve fund, and a change in the conditions attaching to the management shares restricting the dividend to £1 per annum per share.

Complaints are being made that in some cases undue advantage is being taken by banks of the provisions of sect. 264 (3) of the Companies Act, 1929, which provides that

"Where any payment on account of wages or salary has been made to any clerk, servant, workman or labourer in the employment of a company out of money advanced by some person for that purpose, that person shall in a winding up have a right of priority in respect of the money so advanced and paid up to the amount by which the sum in respect of which that clerk, servant, workman or labourer would have been entitled to priority in the winding up has been diminished by reason of the payment having been made."

The Shoe and Leather Record draws attention to a case in which a bank claimed to rank preferentially to the extent of £2,200 in respect of money advanced to the company on account of wages for which a separate account had been opened. It was argued by Counsel that the section referred to was not intended to apply where a bank, carrying the usual business account of a company, made such advances in the ordinary course of business each week during the whole of the statutory preferential periods, but only to protect any person who, on one or two isolated occasions, had advanced money to pay a company's wages bill—for instance, a director or some other interested person. The Courts have ruled, however, that in opening special wages accounts banks are acting within their legal rights. It is obvious that if large sums are advanced in this way the ordinary trade creditors may be seriously prejudiced in the event of a winding up, and it is urged that the Act should be amended so that any such special wages accounts should be subject to registration or to some form of public notification.

The position with regard to the assessment to Income Tax of income from abroad has been distinctly clarified by the judgment of the Court of Appeal in *Bennett (Inspector of Taxes) v. Marshall*. The Vice-President of an American company which had world-wide operations was held by the Commissioners to be resident in England. A substantial part of his duties was performed in the United Kingdom, but he had also to visit various other countries for the purpose of supervising the sales in those countries. His service agreement was made in

America, and his salary was paid abroad. In the first instance he was assessed under Schedule E in respect of his whole remuneration. From this he appealed to the General Commissioners, who accepted his contention that he was not assessable under Schedule E, but under Case V of Schedule D, and that therefore the measure of his liability was the actual amounts remitted to this country. This view was subsequently accepted by Mr. Justice Lawrence. The Inspector of Taxes then appealed, and the result is that the appeal has been dismissed, and the Court has held that the case falls within Case V of Schedule D.

The decision turned on the question whether the source of income was within the United Kingdom, in which event it would fall within Case II of Schedule D (now transferred to Schedule E), or whether the source was outside this country and thus came within the description of a possession outside the United Kingdom within the meaning of Case V of Schedule D. Their Lordships, following the decisions in *Colquhoun v. Brooks* and *Foulsham v. Pickles*, were unanimously of opinion that it came within Case V of Schedule D, because the place where the work was carried out was not a matter to which attention should be directed. The test for ascertaining the source of income was to look for the place where the contract was made and the income really came to the employee, and in the case under consideration that place was abroad.

On the subject of double taxation, the British National Committee of the International Chamber of Commerce have addressed an appeal to the Chancellor of the Exchequer with regard to claims for French tax against British companies which hold an interest in French companies or conduct business in France through a branch or subsidiary company. Concern is expressed that the discussions which are proceeding between the British and French authorities have so far produced no definite result, whilst new claims are being made against British companies for the production of accounts and documents. It is also pointed out that this long delay contrasts unfavourably with the fact that agreements with France have been concluded by the United States, Sweden, Switzerland, Belgium, Italy and Germany. It is urged that recent decisions of the Cour de Cassation in France have laid down principles which should assist in arriving at a retro-active agreement, covering all outstanding claims against British companies, on the basis of limiting the French taxation to the dividends

declared by the subsidiary in France, with the addition of any profits diverted from the subsidiary to the British parent company.

production has doubled in the last six years, there having been a continuous expansion during the whole of that time.

The hearing of the proceedings in the Canadian Supreme Court for the purpose of testing the validity of the Alberta legislation in connection with the Social Credit scheme commenced on the 10th of last month. The question before the Court is the power of the Lieutenant-Governor of the Province to withhold assent to Bills of the Alberta Legislature. The Bills in dispute deal with the taxation of banks, the amendment of the "Credit of Alberta Regulation Act," and the publication of accurate news and information. The Dominion Government has filed a brief with the Supreme Court taking exception to the Alberta Bills. This brief declares that there is involved "nothing less than the great issue of the right to restrict and regulate the freedom of the press"—a matter which is of concern to the whole of Canada.

A correspondent of *The Times* gives a summary showing the growth in the volume of the country's small savings between 1928 and 1935. This includes the Post Office Savings Bank, Trustee Savings Banks, Building Societies, Industrial and Provident Societies, National Savings Certificates, and the small investors' proportion of ordinary life assurance funds. The increase during the seven years amounts to £1,096,000,000, the total funds at the end of 1935 being £3,467,500,000. There were increases in each of the seven years ranging from £121,000,000 in 1929 to £200,000,000 in 1935.

Sir Josiah Stamp has been appointed Chairman of the National Institute of Economic and Social Research, which has been founded for the purpose of co-ordinating and collating individual research into economic and social problems. The Institute is to conduct its own investigations by means of an expert staff, and Professor N. F. Hall is the first Director. Problems relating to commercial policy and certain aspects of unemployment and population are to receive special attention.

The number of company registrations in England and Wales in 1937 shows a drop of about 7 per cent. as compared with the preceding year, and the nominal capital represented by these registrations a decrease of 27 per cent. Last year 12,722 companies were registered with a nominal capital of £113,590,000. Of these 12,306 were private companies with a capital of about £76,000,000, and 416 were public companies with a capital of £37,600,000. As many as 18 of the companies were registered with capitals exceeding £1,000,000, the largest being £5,000,000. The classification, which will be found in another column, shows that by far the largest classes as regards capital were investments and land and buildings, which together represented over £38,000,000, mines coming next with £9,700,000.

In Parliament the question was put to the Chancellor of the Exchequer as to whether, in view of the changed conditions in the investment market, he was prepared to set up a Committee for the purpose of considering the desirability of extending the present list of Trustee Investments. Sir John Simon replied that he had no sufficient reason for considering such an extension at present, and added that there was really no such list in existence because the law merely laid down conditions which must be satisfied for securities to rank as Trustee Investments.

The output of electricity by authorised undertakings in this country continues to increase rapidly. When the Electricity Supply Act was passed in 1926 it was estimated by the Weir Committee that the national output, which at that time was only about 7,000,000,000 units, would reach 25,000,000,000 in 1940. It is now expected that, in the absence of any major setback in trade and industry, the 25,000,000,000 unit level will be reached in the current year—two years before the time anticipated. The electricity generated in 1937 reached a total of 22,905,000,000 units, which was 2,684,000,000 units above the preceding year—an increase of 13.3 per cent. The statistics show that the

The cotton trade in Lancashire has shown a very marked recovery during the year 1937. The trading results of the spinning mills are the best since 1926, and show a striking improvement since the worst time of the depression in 1931. The published profits for the last twelve months totalled £2,211,568, as compared with profits of £317,539 in 1936, and losses of £2,257,737 in 1931. The average dividend of 146 mills was over 4 per cent. for 1937, as against 2 per cent. for 1936. Out of 101 companies 92 have made profits in 1937, whereas in 1936 profits were made by only 70 of the companies.

THE LONDON CLEARING BANKS' MONTHLY STATEMENT.

(CONTRIBUTED.)

THE following example shows the information given in the Monthly Statement of Balances of the London Clearing Banks. A good way to start studying this statement is to consider how each of the items comes into being.

	Deposits.	Acceptances, Guarantees, &c.	Cash.	Call and Short Money.
	£mn.	£mn.	£mn.	£mn.
July 1937	2,293.3	122.4	235.2	162.8

	Bills.	Investments.	Advances.
	£mn.	£mn.	£mn.
July 1937	282.2	646.6	971.1

Cash is the banker's stock in trade, and the whole banking system of credit is built upon it. In the statement it is often described as "Coin, Notes, and Balances with the Bank of England." The most usual way for cash to come to the banks is by means of deposits. For example, when an individual pays cash into the bank he increases deposit accounts at that bank by that amount. Allowing for seasonal fluctuations, however, payments in and withdrawals of this nature tend to cancel each other. The most important factor in the increase or decrease of the amount of bankers' cash is action by the Bank of England.

When the Bank of England thinks it necessary either to increase or decrease the amount of bankers' cash it does so by means of "open market operations." These operations consist of purchases or sales of securities in the open market. When the Bank purchases securities, the cheque which it issues in payment is paid into one of the commercial banks; and leaving out such intermediaries as stockbrokers, the seller of the securities increases the balance of his account with his bank. The bank thus concerned increases its liability to depositors on the one hand, and on the other hand it has the Bank of England's cheque which it pays into the Bank, thus increasing the amount of bankers' deposits at the Bank of England. The following draft Journal entries show the effect of the transaction :—

The Bank of England aspect of the transaction :—

Securities Dr.

To Cash.

Cheque issued for securities purchased
Cash Dr.

To Bankers' Deposits

Cheque paid in by a Commercial Bank.

The banking system aspect of the transaction :—

One of the Commercial Banks' Cash Dr.

To Deposit Accounts

Being Bank of England's cheque credited to a customer's account.

When the Bank of England wishes to reduce the amount of bankers' cash, it sells securities. The effect of such a transaction would be shown by reversing the above entries.

Money at Call and Short Notice : The title of this account might suggest that it represents additional cash, but such is not the case. This is part of the credit structure which has been built on the cash base. It is just as much the result of advances as the item in the statement bearing that heading. It represents loans to the Money Market and the Stock Exchange, and as the name of the account implies it is liable to more sudden recall than, generally speaking, is an ordinary advance. The increasing or decreasing of the amount lent under this heading would have no effect on the amount of bank cash: all that would happen would be an increase or decrease in the amount of deposits. The following draft journal entry illustrates this type of transaction :—

Loan Account of a Customer of the Bank Dr.

To that Customer's Current Account (i.e. Deposit)

Being loan of Money at Call or Short Notice.

When the loan is repaid a reverse entry will be passed.

Bills Discounted : This item includes Treasury Bills as well as Commercial Bills. In the case of a Commercial Bill, the discounting bank may credit the account of its customer, thus increasing deposits, or it may issue a cheque. If the bank issues a cheque the customer must pay it into the same or another bank for credit of his account, and the amount of deposits at one or other of the banks will be increased. In neither case will the amount of cash be affected. In the first case no cash passes, the Journal entry Bills Discounted Dr. To Customer's Account (i.e. Deposits) gives effect to the transaction. In the second case while one bank increases its cash the other bank loses the same amount; and the collecting bank's deposits are increased by the amount credited to its customer.

When a bank discounts a Treasury Bill, it issues a cheque to the Government which is paid into the Bank of England. The first effect is thus a reduction in bank cash. The Government, however, uses the money to meet its expenses, and the money so paid to the public comes back into the banking system, restoring cash to the original volume and increasing deposits. The following draft journal entries illustrate this.

(1) When a Commercial Bank discounts a Treasury Bill :—

Bills Discounted Dr.
To Cash

Treasury Bill discounted

(2) When the Commercial Bank's cheque is paid into the Government Account at the Bank of England :—

Bankers' Deposits Dr.
To Government Account

(3) When the Government pays out :—

(a) In the Bank of England's Books :—
Government Account Dr.
To Bankers' Deposits

Cheques issued by the Government paid in by Commercial Banks for credit of their accounts.

(b) In the Commercial Bank's Books :—

Cash Dr.
To Deposit Accounts

Government cheques paid in by customers for credit of their accounts.

It will be seen that when these entries have been cancelled out, the final result in the books of the Commercial Banks is :—

Bills Discounted Dr.
To Deposit Accounts

Advances : Whether a bank makes an advance by granting an overdraft, or whether it does so by opening a loan account, the result is the same. Deposits are increased by the amount of the advance. Journalised the transactions would appear as follows :—

(a) When a loan account is opened :—

Customer's Loan Account Dr.
To Customer's Current Account

(b) When the customer is allowed an overdraft :—

In the lending bank's books :—

Customer's Current Account (overdrawn) Dr.
To Cash

Customer's cheques debited to his account.

In the collecting bank's books :—

Cash Dr.
To Customer's Account

Cheque credited to customer

Investments : The effect of transactions of this nature where the Bank of England is concerned has already been described. When a bank purchases investments from the general public, the result is an increase in the amount of deposits. The cheque issued in payment is paid by the recipient to the credit of his account with one or other of the banks. Thus deposits are increased. Journalising the various aspects of the transaction in the manner already described will make this plain. The amount of cash is not affected, for if more than one bank is concerned the cash lost by one bank is gained by the other. The transaction is rather more complicated when the investment consists of the purchase of a portion of a new Government issue. In such a case the effect of the transaction would be as described above when dealing with Treasury Bills.

Acceptances on behalf of Customers, &c : This item calls for little comment. A transaction of this kind has no effect on either cash or deposits. The bank in this case is simply guaranteeing a customer's solvency, and is only called upon if that customer becomes unable to meet his obligations. The entry in the bank's books is in the nature of a memorandum. Journalised it appears as follows :—

Customers for Acceptances on their behalf Dr.
To Acceptances on behalf of Customers.

As the bills are duly met by the customer reversing entries are put through.

Deposits : Actually this item has been dealt with in dealing with all the other items. Taking the example given at the beginning of this article, it will

be seen that there is a close correspondence between the total amount of the items already discussed (omitting Customers' Acceptances) and the amount of deposits.

Deposits	£mn. 2,293.3
Cash	£mn. 235.2
Call Money	162.8
Bills	282.2
Investments	646.6
Advances	971.1—2,297.9

Exact agreement could not be expected, for there are other items such as Share Capital and Land and Buildings in a bank's balance sheet.

PAYMENTS TO ELIMINATE COMPETITION.

A POINT of some interest as to whether certain expenditure was a capital or a revenue charge under the law of income tax was decided recently by Mr. Justice Lawrence in *Collins v. Joseph Adamson & Co.* The most enlightening authority on this question is the principle laid down by Lord Cave in 1926 in the case of *British Insulated and Helsby Cables v. Atherton*, where he said : "But when an expenditure is made, not only once and for all, but with a view to bringing into existence an asset or an advantage for the enduring benefit of the trade, I think there is very good reason (in the absence of special circumstances leading to an opposite conclusion) for treating such an expenditure as properly attributable not to revenue but to capital."

In the case now under review the taxpayers claimed to have their proportion of certain payments made by the Association of Shell Boiler Makers, of which they were members, deducted as expenses in computing their assessment under Schedule D. The Association was formed for the purpose of maintaining prices, and the expenses concerned had been incurred in the purchase of the business of two companies. The first of these was immediately wound up and its plant destroyed, a covenant being taken to prevent future competition. The second company was turned into an active member of the Association.

The respondents (the tax payers) strongly urged upon the Court the case of *Mitchell v. B. W. Noble, Limited* (1927), in which a company paid £19,200 to a director who was thought to be undesirable, for the purpose of getting rid of his services. That payment was decided to be a proper charge against revenue. They said that in the case under consideration, their proportion of the expenditure of the trade association had not resulted in the production of any tangible asset, and that it was very doubtful whether any substantial advantage had been obtained at all.

In *Van den Berghs, Limited, v. Clark* (1935) two companies terminated a pooling arrangement, one paying to the other £450,000 as compensation. This was decided to be capital in the hands of the recipients, notwithstanding the fact that the benefit given was one of a negative nature—the removal, that is, of what the paying company regarded as a hindrance to the development of their trade. Although the decision there was that the item, as being capital, was not liable to tax, the principle is equally applicable when it is sought to have a sum excluded, as being capital, from the expenditure charged against revenue.

Mr. Justice Lawrence thought that the rule stated by Lord Cave was sufficient to make the payments in the present instance of a capital nature. He went on to say that, in point of fact, tangible assets had been acquired in this case, for it was immaterial that, after acquiring the two businesses, the trade association had thought fit, for the benefit of its members, to dissolve one of them. He disposed of the contention that the expenditure was of problematical value in these words: "The fact that the value of the acquisition is doubtful is, of course, applicable to almost every trade acquisition . . . but . . . the trader had himself put a value upon the advantage which he was acquiring." Sums of money may, in other words, be spent unwisely, but that will not change the payments into revenue if they are really capital.

The case of the compensation given to a director in *B. W. Noble, Limited, v. Mitchell* (1927) is not so easy to explain: but it can with perfect truth be said that the contracts which a company makes with its staff, including the directors, form part of the everyday arrangements for earning profits. Dispensing with a director, on this interpretation of the position, is not the removal of an obstacle impeding the progress of a company's trade; it is simply an alteration of the everyday arrangements, which is thought to be of advantage. Mr. Justice Lawrence distinguished the case on these lines: "The difficulty," he said, "which had arisen with this director was the sort of difficulty which may be expected to arise in the ordinary course of a company's business, and therefore is an ordinary incident of the company's business, and may properly be charged against the profits of the year."

His Lordship accordingly disallowed the expenditure as an income tax charge in the present case.

A payment is, under the rules just discussed, a capital payment if it is made to secure a benefit of a permanent kind, whether positive

or negative in character; but expenditure does not fall within this principle if it forms part of the ordinary arrangements of a company entered into for the purpose of earning profits—directly, that is to say, not indirectly, either by the acquisition of enduring assets to be used in making profits, or by the removal of a permanent obstacle impeding the earning of profits.

Society of Incorporated Accountants and Auditors.

COUNCIL MEETING.

A meeting of the Council was held on Wednesday, January 26th, when there were present:—Mr. Walter Holman, President (in the Chair); Mr. Percy Toothill, Vice-President; Mr. C. Percy Barrowcliff, Mr. R. Wilson Bartlett, Mr. R. M. Branson, Mr. J. Paterson Brodie, Mr. Henry J. Burgess, Mr. D. E. Campbell, Mr. Arthur Collins, Mr. Tom Coombs, Mr. W. Allison Davies, Mr. R. T. Dunlop, Mr. E. Cassleton Elliott, Mr. Alexander Hannah, Sir Thomas Keens, Mr. Henry Morgan, Mr. C. Hewetson Nelson, Mr. Bertram Nelson, Mr. James Paterson, Mr. F. A. Prior, Mr. Joseph Turner, Mr. R. T. Warwick, Mr. Richard A. Witty, Mr. A. A. Garrett (Secretary), and Mr. L. T. Little (Deputy Secretary).

Apologies for non-attendance were received from Mr. F. J. Alban, Mr. A. Stuart Allen, Mr. W. Norman Bubb, Mr. M. J. Faulks, Mr. Edmund Lund, Mr. A. H. Walkey and Mr. Fred Woolley.

INTERNATIONAL CONGRESS ON ACCOUNTING, BERLIN, 1938.

The provisional programme of this Congress which had been received from the President of the Congress was submitted to the Council.

EXAMINERS IN STATISTICS AND ECONOMICS.

The Council received an intimation of the resignation of Sir Josiah Stamp, G.C.B., G.B.E., D.Sc., as an Examiner of the Society. The resignation was accepted with much regret, and it was resolved to express to Sir Josiah the appreciation and thanks of the Society for his valuable services in connection with the introduction of Economics and Statistics into the Society's Syllabus and as Examiner covering a period of 17 years.

The Council appointed as Senior Examiner in Statistics and Economics Mr. W. H. Coates, Ph.D., LL.B., B.Sc. (Econ.), London University, and as Junior Examiner in those subjects Mr. L. R. Connor, M.Sc. (Econ.), London University, Barrister-at-Law.

SOUTH AFRICAN NORTHERN COMMITTEE, JOHANNESBURG.

The Council received advice that Mr. Alexander Aiken, LL.D., F.S.A.A., an original member of the Committee of the Society established in the Transvaal in 1902, had resigned from the Committee of the Branch. The following resolution was adopted:—

"That the Council have heard with regret of the resignation from the Society's South African Northern Committee, Johannesburg, of Mr. Alexander Aiken, LL.D., F.S.A.A., and express their good wishes to him and their thanks for his sustained interest in the Society's affairs."

RESIGNATIONS.

The following resignations of membership were received with regret as from the dates indicated:—December 31st, 1936: Mr. Benjamin Daniel Steyn (Associate), Johannesburg. December 31st, 1937: Mr. Harry Howell Barton (Associate), Folkestone; Mr. William Arthur Godfrey (Fellow), London; Mr. Arthur Charles Nicholls (Associate), Bedford; Mr. Humphrey Basil Ward (Fellow), Weybridge; Mr. William Henry Whiteley (Associate), London; Mr. Leonard David Williams (Fellow), London.

DEATHS.

The Secretary reported the deaths of the following members:—Mr. George Frederick Couzens (Associate), London; Mr. Carlos Augusto Da Roza (Associate), Hong Kong; Mr. James Balmain Hine (Fellow), Johannesburg; Mr. William Edward Holland (Fellow), London; Mr. Clement Keys (Fellow), Birmingham; Mr. Herbert Victor Lee (Fellow), Peterborough; Mr. Frank Mahon (Associate), Doncaster; Mr. Joseph Nathaniel Nutt (Fellow), Derby; Mr. Frank Raleigh (Fellow), Johannesburg; Mr. Robert Smith (Associate), Glasgow; Mr. John Edward Sykes (Fellow), Huddersfield; Mr. Ernest William Washbourne (Associate), Birmingham.

FORTHCOMING REVENUE CASES.

The following cases are on the lists for the Hilary sittings:—

COURT OF APPEAL.

For Judgment.

Commissioners of Inland Revenue v. Cull. Appeal of Respondent from order of Mr. Justice Finlay, dated June 16th, 1937, set down July 19th. (M.R., Romer and MacKinnon, L.J.J.)

Commissioners of Inland Revenue v. Paget. Appeal of Appellants from order of Mr. Justice Finlay, dated July 30th, 1937, set down September 8th. (M.R., Romer and MacKinnon, L.J.J.)

Cross v. London Provincial Trust, Limited. Appeal of Appellant from order of Mr. Justice Finlay, dated July 30th, 1937, set down September 14th. (M.R., Romer and MacKinnon, L.J.J.)

For Hearing.

Allen v. Trehearne (Inspector of Taxes). Appeal of Appellants from order of Mr. Justice Lawrence dated March 24th, 1937 (set down April 20th).

Elmhirst v. Commissioners of Inland Revenue. Appeal of Appellant from order of Mr. Justice Lawrence, dated March 17th, 1937 (set down May 5th).

McCalmont v. Commissioners of Inland Revenue. Appeal of Respondents from order of Mr. Justice Lawrence, dated May 4th, 1937 (set down June 7th).

Commissioners of Inland Revenue v. British Salmson Aero Engines, Limited. Appeal of Appellants from order of Mr. Justice Finlay, dated June 22nd, 1937 (set down July 14th).

Carlyon Estate, Limited v. Commissioners of Inland Revenue. Appeal of Appellants from order of Mr. Justice Finlay, dated June 17th, 1937 (set down July 15th).

Dawson v. Counsell (Inspector of Taxes). Appeal of Respondent from order of Mr. Justice Lawrence, dated May 11th, 1937 (set down July 23rd).

Radio Pictures, Limited v. Commissioners of Inland Revenue. Appeal of Respondents from order of Mr. Justice Lawrence, dated July 29th, 1937 (set down September 8th).

Barnes (Inspector of Taxes) v. Hutchinson. Appeal of Appellant from order of Mr. Justice Lawrence, dated October 18th, 1937 (set down November 19th).

Lever Brothers, Limited v. Commissioners of Inland Revenue. Appeal of Appellants from order of Mr. Justice Lawrence, dated October 29th, 1937 (set down November 19th).

Morley (Inspector of Taxes) v. Messrs. Tattersall. Appeal of Respondents from order of Mr. Justice Lawrence, dated November 5th, 1937 (set down December 14th).

Interlocutory List.

Attorney-General v. Prosser. Appeal of Defendant from order of Mr. Justice Porter, dated December 3rd, 1937 (set down December 17th).

KING'S BENCH.

Cases Stated.

Woodhouse & Co., Ltd., and the Commissioners of Inland Revenue.

Richard Hodgson Read and The Commissioners of Inland Revenue.

F. O. G. Lloyd and S. W. Grand (Inspector of Taxes).

Commissioners of Inland Revenue and Sir Harry Mallaby-Deeley, Bart.

Watson Brothers and W. G. MacInnes (Inspector of Taxes)

Thomas Paton and M. M. Sayer (Inspector of Taxes).

The House Property & Investment Company Limited and W. H. Kneen (Inspector of Taxes).

The United Steel Companies Limited and M. W. Cullington (Inspector of Taxes).

L. H. Weatherley and Commissioners of Inland Revenue.

Newbarns Syndicate and T. Hay (Inspector of Taxes).

Isaac Holden et Fils (France), Limited and J. R. Bonner (Inspector of Taxes).

Kered Limited and Commissioners of Inland Revenue.

Augustus J. Dutch and The Commissioners of Inland Revenue.

Odhams Press Limited and H. G. Cook (Inspector of Taxes).

William Cooper Hobbs and H. G. L. Hussey (Inspector of Taxes).

G. Scammell & Nephew, Limited and H. F. Rowles (Inspector of Taxes).

William H. Boase and Commissioners of Inland Revenue.

Petition.

In the Matter of the Finance Act, 1894, Sect. 10, and In the Matter of William Henry Barnes, dec.

NEW YEAR HONOURS FOR ACCOUNTANTS.

The following names appeared in the New Year Honours list:—

KNIGHT BACHELOR.

William Henry Rowland, J.P., F.S.A.A., for political and public services in Southampton.

O.B.E., DOMINION SERVICES LIST.

Ernest Charles Pulbrook, J.P., F.S.A.A., formerly a member of the Board of the Land and Agricultural Bank, Southern Rhodesia.

K.B.E.

James Frederick George Price, C.B., A.S.A.A., Deputy Secretary, Ministry of Labour.

O.B.E.

Frederick Arthur Webber, J.P., F.S.A.A., for political and public services in Bristol.

Henry Arthur Van de Linde, F.C.A., Honorary Secretary of the Gordon Memorial College Executive Committee.

COMPANY REGISTRATIONS IN 1937.

The following statistics relating to New Companies registered at the London Registry during the year 1937 have been compiled by Messrs. Jordan & Sons, Limited, Company Registration Agents, Chancery Lane, London.

Classes.	Public Companies.		Private Companies.		Totals.	
	Number Registered.*	Capital.	Number Registered.	Capital.	Number Registered.	Capital.
		£		£		£
Aviation	4	10,100	61	546,820	65	556,920
Advertising	—	—	155	320,132	155	320,132
Boots and Shoes	3	416,250	90	286,100	93	702,350
Bricks, Cement, &c.	3	62,000	154	1,012,900	157	1,074,900
Builders	2	400,000	892	3,051,311	894	3,451,311
Carriers	5	1,001,500	409	1,163,810	414	2,165,310
Chemicals	5	125,100	507	5,673,724	512	5,798,824
Clothing	4	416,300	834	1,918,716	838	2,335,016
Clubs	9	2,500	40	23,380	49	25,880
Drink	5	1,200,000	95	2,087,037	100	3,287,037
Electricity, Gas, and Water	12	3,375,750	489	1,384,410	501	4,760,160
Engineers	20	2,826,400	792	4,638,710	812	7,465,110
Farmers and Planters	8	1,085,600	85	417,900	93	1,503,500
Food	11	861,600	934	3,294,382	945	4,155,982
Furniture	1	3,500,000	300	974,552	301	4,474,552
Glass and Pottery	1	—	66	335,250	67	335,250
Hotels	6	172,000	170	626,600	176	798,600
Insurance	1	200,000	62	249,900	63	449,900
Investment, Finance and Banks	28	6,818,050	689	14,939,242	717	21,757,292
Jewellery	—	—	79	335,500	79	335,500
Kinemas	9	649,100	302	1,432,618	311	2,081,718
Land and Buildings	133	1,204,600	1,153	10,079,208	1,286	11,283,808
Laundries	—	—	96	286,946	96	286,946
Leather	—	—	83	467,765	83	467,765
Merchants	9	2,785,100	572	2,818,805	581	5,603,905
Metals	3	81,100	143	1,297,265	146	1,378,365
Mines and Quarries	18	7,089,300	132	2,605,700	150	9,695,000
Miscellaneous	32	20,000	331	590,700	363	610,700
Motors	6	75,100	643	1,742,443	649	1,817,543
Music	2	60,000	45	117,400	47	177,400
Newspapers	2	1,500	48	271,150	50	272,650
Nurserymen	—	—	63	122,800	63	122,800
Nursing	6	—	95	197,230	101	197,230
Oil	4	301,099	53	1,939,900	57	2,240,999
Photography	—	—	49	98,555	49	98,555
Printers	1	25,000	167	821,080	168	846,080
Publishers	3	350,000	99	271,714	102	621,714
Rails	1	1,000	14	59,000	15	60,000
Roads	—	—	28	78,000	28	78,000
Rubber	1	125,000	30	83,600	31	208,600
Schools	7	—	45	152,400	52	152,400
Shipping	5	800,200	174	1,809,702	179	2,609,902
Sports	31	511,500	210	468,875	241	980,375
Stationers and Papermakers	1	10,000	135	1,315,775	136	1,325,775
Textiles	7	546,100	392	2,307,520	399	2,853,620
Theatres	4	250	136	220,607	140	220,857
Timber	2	500,000	111	846,600	113	1,346,600
Tobacco	1	10,000	54	187,150	55	197,150
Totals (for year 1937)	416*	37,619,099	12,306	75,971,184	12,722	113,590,283
<i>Corresponding figures in 1936</i>	<i>418</i>	<i>49,359,643</i>	<i>13,324</i>	<i>108,861,595</i>	<i>13,742</i>	<i>158,221,238</i>
<i>Corresponding figures in 1935</i>	<i>430</i>	<i>54,870,733</i>	<i>12,673</i>	<i>81,763,377</i>	<i>13,103</i>	<i>136,634,110</i>
<i>Corresponding figures in 1934</i>	<i>446</i>	<i>69,761,622</i>	<i>12,029</i>	<i>73,778,784</i>	<i>12,475</i>	<i>143,540,406</i>

*In this Column are included 95 "Companies Limited by Guarantee" and "Associations Not for Profit" without Share Capital, these Companies being technically Public however small the Membership may be.

Society of Incorporated Accountants in Ireland.

ANNUAL DINNER.

The annual dinner of the Society of Incorporated Accountants in Ireland was held at the Royal Hibernian Hotel, Dublin, on January 22nd. Mr. J. D. THOMPSON (President of the Irish Branch) occupied the chair, and amongst the guests and members present were the Lord Mayor of Dublin (Alderman Alfred Byrne, T.D.), Mr. Walter Holman (President, Society of Incorporated Accountants and Auditors), Dr. W. E. Thrift (Provost of Trinity College, Dublin), Mr. A. J. Magennis, M.Sc., F.S.A.A. (President, Associated Chambers of Commerce), Mr. F. A. Lowe (President, Dublin Chamber of Commerce), Mr. W. O'Brien (Chairman, the Revenue Commissioners), Mr. T. W. Delany (President, the Incorporated Law Society of Ireland), Mr. G. Brock (President, the Institute of Chartered Accountants in Ireland), Mr. A. E. Dawson (Chairman, Dublin Society of Chartered Accountants), Mr. R. F. Browne (Chairman, Electricity Supply Board), Mr. R. Knight (President, Eire Branch, London Association of Certified Accountants), Dr. James Bell, Sc.D., Mr. R. C. Ferguson, M.A. (Assistant Secretary, Department of Industry and Commerce), Mr. T. E. Adderley (Examiner, High Court of Justice), Mr. A. H. Walkey (Member of the Council of the Society of Incorporated Accountants and Auditors) and Mr. L. T. Little, B.Sc. (Deputy Secretary), Mr. J. S. White and Mr. H. McMillan (President and Honorary Secretary, Belfast and District Society of Incorporated Accountants), Mr. C. C. McElligott (Inspector of Taxes), Mr. P. J. Dempsey (Department of Industry and Commerce), Mr. R. L. Reid (Vice-President) and Mr. A. J. Walkey (Hon. Secretary, Society of Incorporated Accountants in Ireland).

The toast of "Prosperity to Ireland" having been honoured,

The PRESIDENT (Mr. J. D. Thompson), proposing "Trade, Industry, and Commerce," said that as they were all aware, agriculture was really the basic industry in Ireland, and for the past year from the official trade returns it would appear that with the acreage under cultivation, farmers in Southern Ireland had every reason to be satisfied. The area under corn, root, and green crops, flax and fruit had been rising since the year 1932 till it reached its maximum of 1,621,000 acres in 1936. The year 1937 was some 1½ per cent. lower than the previous year. The agricultural price index also indicated a general improvement in prices. Reports showed that the farmer had every reason to be satisfied with the progress made throughout the year towards placing agriculture on a sound remunerative basis as a staple industry, while the cattle exported to England seemed to meet the requirements of the English market. It naturally followed that in a mainly agricultural country like Ireland, when farming and cattle-raising conditions were satisfactory the other sections of the trading community benefited accordingly. It was to be hoped that the efforts of the Irish Ministers to reach a trade agreement with Great Britain would be successful, and that the benefit from such an agreement would help to foster this industry and other branches of trade and commerce in Southern Ireland. From his own personal contact with clients in Southern Ireland he had ascertained that in many cases turnovers had exceeded those of previous years, whilst others showed a very good average. Travellers also reported that they were getting very

good orders in the South. In Northern Ireland, which was more highly industrialised than the South, Messrs. Harland & Wolff, Ltd., had shown the best figures since 1930. The Belfast yards had been very busy during the past year and the future prospects were reasonably good. The linen trade, like all textiles, was at the moment suffering from lack of confidence in values, which was a repercussion of the war in China, and the insecurity relative to the Anglo-American trade negotiations. The returns for the Port of Belfast, considered to be a reliable index of conditions in the North, showed that the net tonnage of vessels cleared was only .16 per cent. lower than 1936, which it would be remembered showed the largest figures on record in the history of the Port. The actual power of the consumer to purchase the goods manufactured was one of the great questions of the present day, and would become more pressing in the near future. There were now material resources, technical knowledge and industrial skill sufficient to afford to every man in this world physical comfort, adequate leisure and access to all the refining influences civilisation had produced, yet there were millions of unemployed men and women, who were capable of producing more wealth, thrown on the scrap heap. It did not require very much thought on their part to see that there was a very real maldistribution of the world's goods. At present they were dealing with things as they were, and they must bend their energies towards making conditions of trade and industry as prosperous as possible.

Mr. F. A. LOWE, P.C. (President, Dublin Chamber of Commerce), who responded, said for personal reasons he was sorry that Mr. Lemass (Minister for Industry and Commerce) was unable to be present, for in that case he would have responded to that toast, and in doing so would have given them authoritative statistics of the progress of trade and commerce. In the absence of the Minister, he did not propose to treat them to an array of figures but would devote himself to the subject of what he thought trade and commerce wanted from accountants. For many years it had been in his mind that young accountants and students should study cost accountancy. The industrial activity of the past few years should have provided them with a golden opportunity. With increased and increasing competition it was vital that business men individually should know their costs. In the printing industry, with which he was connected, cost accountancy had been brought to a very high standard, and it was no longer possible to find a printer of the class who, having calculated his wages, costs, and overheads, came to deal with material by saying, "Well, I have the paper in stock so I don't need to include that." Now all their costings were upset by the introduction of the Conditions of Employment Act, as they might be in Northern Ireland by the new Factories Act. Both of these changes were to a certain extent social measures, and it seemed to him that if there was to be national planning, of which they heard something during the past ten years, they must as a nation know their national costs. It had been suggested that there ought to be a Chair in their universities for the interpretation of statistics. It seemed to him that there would be danger that the occupant of such a Chair would, like many of the economists, be too much of a theorist, and could not be sufficiently in touch with the actual nature of the individual transactions the total result of which came to him in bulk figures. They all knew the extraordinary variations that might be hidden in the increase or decrease of the total result of a large number of transactions, and the danger of

using averages in connection with particular transactions. He thought that the gulf between the business man—too near to the actual transactions to bother about the bulk figures—and the theorist dealing only with those bulk figures should be bridged by the accountants, who were sufficiently human, and could make themselves sufficiently in touch with the nature of the various transactions to be able to point out where errors might be made in drawing conclusions from bulk figures. He understood that across the water there were accountants who specialised in this science, or perhaps he should call it an art, of interpreting statistics, and advising business men on the trend of prices, activity in their particular line of business, &c. What they called themselves he did not know. He dare not suggest "prognosticating accountants." While, perhaps, they were as yet in this country not sufficiently developed for such work to be lucrative, he did suggest that those young accountants who had leisure, and were sufficiently in love with figures to be interested, should enter into this field of investigation. Let them learn their national costs and know something of what the statistics so ably provided by the Department of Industry and Commerce really meant.

The PROVOST OF TRINITY COLLEGE (Dr. W. E. Thrift), proposing "The Society of Incorporated Accountants and Auditors," said the way in which they received the toast showed that they recognised their debt to the Parent Society from which they had sprung. That Parent Society was a very great and prosperous Society, and numbered, he believed, considerably more than 7,000, with members in every quarter of the globe. One point to which he would like to direct special attention was the educational requirements they asked from all who wished to become members of their Society. As one who might claim to have some small knowledge of education generally, he was impressed with the fact that they looked for a very high standard in education and training before they admitted candidates to membership. As the head of a university, he would like also to express his satisfaction with the fact that the Society recognised university training as an important factor in the preparation of candidates. He was convinced that experience would show that the advantages students gained in their university course fully justified the Society in recognising university training. He would further like to comment upon the fact that the Society encouraged young Incorporated Accountants who had passed their examinations to take part in the short university course arranged for them during the early years of their professional career. That they should have some of the advantages a university could offer was an admirable thing. To him personally one of the most important characteristics of the Society was its exaction from all its members of a very high standard of *esprit de corps*, which was of the greatest value not only to members of the Society but also to the community in which they lived. It was satisfactory that the requirements of the Society were being responded to by the vast majority of its members, and that they recognised they had work to do of vital importance for the State.

Mr. WALTER HOLMAN (President of the Society of Incorporated Accountants and Auditors), responding, said that when he saw the announcement in the newspapers last week that Irish Ministers were to visit London, his feelings were mixed. On the one hand he welcomed the conversations because he sincerely hoped that the cordial

relations existing between the individuals of their two countries would by this visit be extended to them in their collective capacities, and he was sure he was expressing the desire of them all when he hoped that the conversations so happily started might be brought to a happy conclusion because they must all agree that co-operation was better than conflict. (Applause.) On the other hand he regretted that the visit to London had made it impossible for the Minister for Industry and Commerce to be with them that evening. He (Mr. Holman) had met Mr. Lemass on a former visit and had looked forward to renewing the acquaintance. Life, however, had its compensations, and he was glad, on this occasion, to meet the Lord Mayor of Dublin, who enjoyed wide respect outside his own country and complete affection within it. Mr. Holman said that one of his first duties on taking office as President was to visit Northern Ireland for the conference which was held there in June last. He wished to avail himself of that opportunity to express to the President, the Committee and the members of the Irish Branch, the thanks of the whole Society for the hospitality given in Belfast. The luncheon provided by them was a valued addition to the proceedings and contributed towards the success of the Conference. In thanking Dr. Thrift for the very kind way in which he had proposed the toast of the Society he would like to assure him that the Society shared fully his views on the value of University training, and this was proved by the reduction from five to three years in the period of Articles for graduates of Universities. It was further proof of the Society's concern for the education of its members that Refresher Courses at Universities had been introduced for the benefit of younger members, and he mentioned that the next course would be held in July next at New College, Oxford. Dr. Thrift had told them that the Society now had more than 7,000 members and when it was realised that the Society admitted upwards of 400 new members each year was it not natural that they should wonder what would become of these new members? What would be their contribution to the Society to which they owed the opportunity for acquiring a valuable professional qualification? What would be their contribution to the communities in which they lived? The answers to these questions would be determined largely by their own natural endowments of personality and ability, but in a measure also by the influence and the advice of those who were senior to them in the profession. Mr. Holman suggested to his fellow members that they all had a responsibility to the younger members. For it was true to say of their profession as of any other that they were all members one of another and there were directions in which the Society as such could only function through its own members. In illustration of what he meant, Mr. Holman said that the Society insisted that a candidate for membership should have had practical training in an accountant's office, and it imposed tests of theoretical and practical knowledge which must be passed before membership could be obtained. But the passing of examinations did not necessarily mean that the new member was suitable for public practice; it did not necessarily mean that he understood and appreciated the unwritten code of conduct which they called professional etiquette; it certainly did not mean that he was capable of tackling successfully any job that could be given to him. The truth was that the newly-admitted member often stood in urgent need of guidance and help, and such could not be given by a remote headquarters, however sympathetic, because it needed the touch of human and personal under-

standing. The need existed even if it was not realised. It was perhaps natural that a successful examinee should think that his student days were over; that he need no longer attend lectures; that the fact that he was an Incorporated Accountant would open for him the doors of opportunity without further effort on his part; that a successful professional career would automatically open up for him. They knew that such dreams were a snare and a delusion; that the member who relinquished the attitude of a student was condemning himself to mediocrity; that the freedom from the burdens of examinations should mean freedom to acquire the practical experience essential for public practice; that professional success was the reward only of hard and unremitting work and devotion to the interests of clients. That was his experience and he had little doubt that, generally speaking, they would endorse it, and if such experience was to be available to the younger members as it should be, it must be through the medium of the local District Society and the local members. He could do no more than hint at the sort of problem which faced the young member. Whether present security was worth more than the prospect of gaining wider experience; the relative merits of a commercial position and professional practice; the advantages and disadvantages of practice in partnership; the benefits accruing to the member who actively associated himself with the educational work arranged by the District Society. These were some of the more general type and there would be others specifically professional, for example, methods of work and of professional practice. In this connection he wanted to refer to a case heard in the Cork Circuit Court recently. With the merits of the case itself he was not concerned, but according to *The Accountant* report, in the course of the hearing one of their own members stated in evidence that accountants and their staffs did not usually keep time diaries. Such a statement made in open Court was detrimental to the Society and he wanted to state as emphatically as he could that it did not represent either the opinion or the practice of professional accountants generally. It was part of their professional code that their charges for services rendered should be based on the time expended and not on the results obtained, and it was difficult to see how charges could be fairly determined if time records were not kept. He needed only to add that he did not question the complete honesty of the statement made, and the inference he drew therefrom was that the member referred to lacked the advice and guidance he should have received from more experienced members. One of the matters on which he wished the advice to younger members to be clear and definite was the claim of public service—and he used these words in the widest possible sense. Democratic institutions implied the participation of all in their affairs, and by knowledge and training accountants were fitted to render particular service to that side of them which concerned finance, and there were few institutions into which financial considerations did not enter. The professional man who kept within the circle of his clientele and who took no part at all in the running of the professional body to which he belonged or in the local administration of his town, or in the administration of his country, or in political or philanthropic activities, such a man was not only withholding from his fellows services which he was particularly fitted to render, but was at the same time depriving himself of the fullest development to his own personality and, they need not hesitate to admit it, was depriving himself of a means of his own professional advancement. Mr. Holman hoped that the guests of the Society present

would forgive him for addressing his remarks almost exclusively to his own members. With so large a membership the President of the Society could normally only hope to be able to visit members in most districts once during his term of office and he must therefore make the most of his opportunity. The date of the dinner had largely determined the nature of his response to the toast, for most of those present were living under changing conditions and the development and smooth running of their new constitution would, he imagined, depend on the intelligent and active co-operation of the people. He was anxious that the members of the Society should share in that work and should contribute to it those services which they were specially qualified to render.

The toast of "Our Guests" was proposed by Mr. R. L. REID, F.S.A.A. (Vice-President, Society of Incorporated Accountants in Ireland), and responded to by Mr. T. W. DELANY (President of the Incorporated Law Society of Ireland), Mr. R. C. FERGUSON, M.A. (Department of Industry and Commerce), and the LORD MAYOR OF DUBLIN (Alderman Alfred Byrne).

Dr. BELL (Trinity College), proposing "The President," said he wished to congratulate Mr. Thompson on the successful tenure of his important office. As an outsider, he wished to pay tribute to the profession of accountancy. Every day, with the increasing complexity of the business world, their faith in accountants grew.

The PRESIDENT suitably replied.

LEVERHULME RESEARCH FELLOWSHIPS.

Applications for Fellowships or Grants in aid of research are invited from persons of British birth normally resident in Great Britain. The subjects may include anything that will add to human knowledge, but preference will be given to subjects in which other provision for research is inadequate. The duration of the awards will not normally extend over more than two years or less than three months, and the amount will depend on the nature of the research and the circumstances of the applicant. Applications, which must be submitted before March 1st, should be sent to the Secretary, Leverhulme Research Fellowships, Union House, St. Martins-le-Grand, London, E.C.1.

THE INCORPORATED ACCOUNTANTS' YEAR BOOK

The Incorporated Accountants' Year Book for 1938 contains the names of 7,216 members, of whom 5,985 are in England and Wales, 139 in Scotland, 193 in Ireland and 899 in the British Dominions, Colonies and foreign countries. The names of the members are listed both alphabetically and topographically. The first part of the book contains an alphabetical list of the whole of the members and of the firms of which they are partners, the latter appearing in italics. This is followed by a topographical list of members and firms classified under the names of the cities and towns. The Year Book also contains the regulations for admission to examinations, a copy of the Society's Articles, particulars of the work and resources of the Incorporated Accountants' Benevolent Fund, and of the facilities afforded for meetings at Incorporated Accountants' Hall.

The Society has 31 Branches and District Societies in the leading cities and towns of Great Britain, Northern Ireland, and Eire and throughout the British Dominions.

Society of Incorporated Accountants and Auditors.

EXAMINATION RESULTS IN SOUTH AFRICA.

NOVEMBER, 1937

Passed in Final.

Order of Merit.

DEY, JAMES SCOTT DAVIDSON, Clerk to M. v. d. S. Dreyer (Dreyer & Dreyer), 512-518, Anglovaal House, Fox Street, Johannesburg. (*First Certificate of Merit, bracketed with one other Candidate, and Prize.*)

Alphabetical Order.

ADAMS, ARTHUR DIXEY, Clerk to H. E. Mattinson & Partners, 36, Salisbury House, Durban.

ADAMS, REGINALD STANHOPE, Clerk to G. K. Tucker (G. K. Tucker & Wilson), Calcutta House, Loveday Street, Johannesburg.

BOBROV, JACOB, B.A., B.Com., Clerk to Michael Berman, Emdin & Co., Liberal Life Buildings, Corner of Burg and Church Streets, Cape Town.

BROWN, JAMES LENNOX ROWLAND, Clerk to F. C. McConnell (Deloitte, Plender, Griffiths, Annan & Co.), Annan House, Fox Street, Johannesburg.

DICKSON, ROBERT HENRY, Clerk to Hemphill, Anderson & Co., P.O. Box 2755, Johannesburg.

EMMETT, DAVID ALBERT, Clerk to I. Levy (I. Levy & Co.), 106, Adderley Street, Cape Town.

FORSYTH, ROBIN LANDALE, Clerk to F. G. W. Tucker (F. G. W. Tucker, Osborn & Co.), Provident Buildings, 108, Fox Street, Johannesburg.

FRANK, SOLLY, formerly Clerk to I. Levy (Levy & Co.), 106, Adderley Street, Cape Town.

GREATWOOD, BASIL, Clerk to Didcott, Byrd & Leefe, 9/13 and 23, Rhodes House, 368, Smith Street, Durban.

HUNTER, RONALD EDWARD ANDERSON, Clerk to J. B. Trigger (Deane & Thresher), Grad's Buildings, Reitz Street, Kroonstad.

KIRK, ALLEN JOHN GRAEME, formerly Clerk to A. S. Hooper (Deloitte, Plender, Griffiths, Annan & Co.), Norwich Union Buildings, St. George's Street, Cape Town.

McKOWEN, FRANCIS NEVILLE, Clerk to Charles Hewitt (Chas. Hewitt & Co.), 900/908, Aegis Building, Loveday Street, Johannesburg.

MULLER, FREDERICK, Clerk to P. A. M. Hands (Hands & Shore), 106, St. George's Street, Cape Town.

NIXON, JOHN MORLEY, Clerk to Hands & Shore, 106, St. George's Street, Cape Town.

PERSSE, THOMAS DUDLEY, Clerk to C. S. Corder (E. R. Syfret & Co.), Corner of Burg and Wale Streets, Cape Town.

REYNOLDS, FREDERIC WELLES, Clerk to Roberts, Allsworth, Cooper Bros. & Co., Stanley House, Commissioner Street, Johannesburg.

WALKER, CRAIG GREENFIELD, Clerk to Wolpert & Abrahams, 1-6, Winstons Chambers, 376, West Street, Durban.

WYNN, JOHN ROBERT IRVIN, Clerk to B. Halsey (Halsey & George), Cato House, Smith Street, Durban.

(32 Candidates failed to satisfy the Examiners.)

Passed in Intermediate.

Alphabetical Order.

BEREND, LOUIS BASIL, Clerk to A. N. Smith (Deloitte, Plender, Griffiths, Annan & Co.), 84, Annan House, Fox Street, Johannesburg.

CLARK, ROGER STEPHEN, Clerk to James Douglas (Douglas, Mackelvie, Galbraith & Co.), Sun Building, Corner of St. George's and Longmarket Streets, Cape Town.

DODSWORTH, JOHN GARTH, Clerk to H. J. Noteutt (Gurney, Noteutt & Fisher), Reserve Bank Chambers, 6, Wale Street, Cape Town.

WALLACE, ROBERT CRAIG, Clerk to E. C. Cade (Leith, Freake & Cade), 75, Maitland Street, Bloemfontein.

(3 Candidates failed to satisfy the Examiners.)

INCORPORATED ACCOUNTANTS' RESEARCH COMMITTEE.

The Design of Accounts.

Continuing the series of suggested accounts for various business undertakings, we publish this month a design of accounts relating to Cotton Merchants (dealing in American cotton).

These accounts must not be regarded as model accounts, but as a basis for criticism. Comments and criticisms will be welcomed, and should be addressed to the Secretary of the Research Committee at Incorporated Accountants' Hall.

The Committee is grateful for criticisms received on accounts already published and trusts that readers of the *Incorporated Accountants' Journal* will also send in their comments on the accounts printed below.

COTTON MERCHANTS.

TRADING AND PROFIT AND LOSS ACCOUNT FOR SEASON.....

<i>Gales.</i>	£ s. d.	£ s. d.	<i>Bales.</i>	£ s. d.	£ s. d.
STOCK b/f.		—	SALES (Invoice Value)		—
PURCHASES :			Add or		
Invoice Cost C.I.F. and Spot	—		Deduct : Allowance for Excess Tare		
Bank Commission on Acceptances	—		Price and Weight Adjust-		
Marine Insurance—Increased			ments		—
Value	—		COTTON SAMPLES (equivalent to		
Docket Fees and Brokerage paid	—	lbs. per bale sampled)		—
Add or			STOCK : B/- Sold. Valued at Sale		
Deduct : Allowances for Price and			prices where fixed, at Sale basis		
Weight Adjustments	—		where not fixed, less Cost of		
HEDGES, including Exchange Dif-			Delivery and Carrying to Date of		
ferences	—		Delivery		—
GROSS PROFIT ON COTTON c/f	—		B/- Unsold. Valued on Closing		
			Price of (Month) Delivery		—
					—

THOMPSON, CYRIL GORDON, 56, Permanent Buildings, Harrison Street, Johannesburg, Practising Accountant.

Reviews.

The Incorporated Students' Telephone. By the Directors and Tutors of H. Foulkes Lynch & Co. London: H.F.L. (Publishers), Ltd., 16, Coleman Street, E.C.2. (Price 2s. 6d. net, post free 2s. 8d.)

The fifty-sixth issue of this publication contains the answers to the questions set at the Intermediate and Final examinations of the Society of Incorporated Accountants and Auditors held in November last. Candidates who sat for this examination will peruse with interest the answers provided by experts, and those who failed to satisfy the examiners will gather valuable information for future use. A special index at the beginning affords ready reference to any particular matter.

The Law Relating to Bankruptcy in a Nutshell. 2nd Edition. By Marston Garsia, B.A., Barrister-at-Law. London: Sweet & Maxwell, Ltd., 2 and 3, Chancery Lane, W.C.2. (70 pp. Price 3s. 6d. net.)

The most appropriate description of this book is that it presents the law of bankruptcy in skeleton. The subject is treated in the order in which the various circumstances occur, commencing with the Act of Bankruptcy and following with the Petition, the Receiving Order, the Adjudication, and matters affecting the conduct of the bankruptcy by the trustee. Special chapters are devoted to proofs of debts and small bankruptcies. Deeds of Arrangement are also brought within the scope of the book. It is not intended as a text-book on the subject, but merely a means of readily ascertaining the main principles of bankruptcy law under classified headings, for which purpose it will be found very useful.

Death Duties. 8th Edition, by R. Dymond, S.S.C., assisted by Frank Schaffer, LL.B., of the Estate Duty Office. London: The Solicitors' Law Stationery Society, Ltd., 22, Chancery Lane, W.C.2. (584 pp. Price 40s. net.)

As the size of the book indicates, this is a comprehensive treatise. In producing the present edition an extensive revision has been carried out, the text being arranged on a more consecutive basis, and certain matters dealt with in greater detail. The appendix has also been extended so as to give details of the official forms for all the duties in use both in England and Scotland, with references to the pages in the text relating to the filling up of the forms. The book is divided into three parts, the first dealing with Estate Duty, the second with Legacy Duty, and the third with Succession Duty. Mr. Dymond having been formerly Deputy Controller of the Estate Duty Office, Somerset House, is obviously well versed in Death Duty matters.

Slater's Mercantile Law. 10th Edition. By R. W. Holland and R. H. C. Holland, Barristers-at-Law. London: Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway, W.C.2. (652 pp. Price 7s. 6d. net.)

The chief change in this edition relates to the effect of the Law Reform (Married Women and Tortfeasors) Act, 1935, but at the same time other statutes, passed since the previous edition was issued two years ago, have received attention. The work is designed primarily for students and the effect of the law is accordingly stated as precisely and simply as possible, the idea being to give a clear and comprehensive exposition of the main principles of the mercantile law of England, including contracts, securities, insolvency, arbitration, and miscellaneous matters.

Dictionary of Costing.—2nd Edition. By R. J. H. Ryall, F.C.R.A. London: Sir Isaac Pitman and Sons, Ltd., Parker Street, Kingsway, W.C.2. (468 pp. Price 12s. 6d. net.)

As the title indicates, the matter contained in this

publication is arranged alphabetically, and includes explanations of the meanings attaching to the numerous terms used in connection with costing. A feature of the book is the large number of specimen forms and rulings, together with formulae for calculating the distribution of factory expenses and selling expenses, by a number of alternative methods. The different methods of calculating the remuneration of labour on bonus, piece-work, premium and numerous other systems are also described and explained.

FORTHCOMING EVENTS.

Feb. 1st. **North Lancashire District Society.** At Preston, at 7.30 p.m. Lecture by Mr. W. W. Bigg, F.C.A., F.S.A.A., on "Partnership Accounts."

Feb. 3rd. **South of England District Society.** At Southampton, at 7.15 p.m. Lecture by Mr. E. Westby-Nunn, LL.B., Barrister-at-Law, on "Trusts and Trust Accounts."

Feb. 4th. **Devon and Cornwall District Society.** At Exeter, at 6.30 p.m. Lecture by Mr. T. C. Stansbury, Inspector of Taxes, on "Schedule D, Cases 1 and 2."

South of England District Society. At Bournemouth, at 7.15 p.m. Lecture by Mr. E. Westby-Nunn, LL.B., Barrister-at-Law, on "Receivers for Debenture Holders."

East Anglia District Society. At Norwich, at 7.30 p.m. Lecture by Mr. A. Lester Boddington, F.S.S., on "Statistics and their Business Uses."

Swansea and South-West Wales District Society. At Swansea, at 6.30 p.m. Lecture by Mr. H. J. Thomas, M.Com., on "Costing in Relation to the Works Economy."

Manchester and District Students' Society. At Manchester, at 6.30 p.m. Short papers by Students.

South Wales and Monmouthshire District Society. At Newport, at 7 p.m. Lectures by Mr. B. H. Robinson on "Personal Insurances," and by Mr. G. A. Hulbert on "Taxation Assessments—Commencing and Closing Periods" (Students' Meeting).

Feb. 7th. **Newcastle-upon-Tyne District Society.** At Newcastle-upon-Tyne, at 6.30 p.m. Lecture by Mr. J. Wilson on "Income Tax Schedule D."

Newcastle-upon-Tyne District Society. At Middlesbrough, at 7 p.m. Lecture by Mr. J. Eric Thomas, Solicitor, on "Sale of Goods."

West of England District Society. At Bristol, at 6 p.m. Lecture by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A., on "The Provisions of the Finance Act, 1937, relating to Investments and N.D.C."

Feb. 8th. **Devon and Cornwall District Society.** At Plymouth, at 6.30 p.m. Lecture by Mr. E. A. Herringshaw, Inspector of Taxes, on "Income Tax Schedule D, Cases 1 and 2."

West of England District Society. At Gloucester, at 5.45 p.m. Lecture by Mr. H. A. R. J. Wilson, F.C.A., F.S.A.A., on "The Provisions of the Finance Act, 1937, relating to Investments and N.D.C."

Yorkshire and District Society. At Leeds, at 6.30 p.m. Lecture by Mr. T. Dunsmore, Senior Inspector of Taxes, Leeds, on "Income Tax; What is a Trading Receipt?"

Feb. 9th. *Dublin Students' Society.* At Dublin, at 5.45 p.m. Lecture by Mr. J. Spiers on "Stock Exchange Procedure."

Nottingham, Derby and Lincoln District Society. At Nottingham, at 6.30 p.m. Lecture by Mr. A. E. Langton, LL.B., A.S.A.A., on "Holding Companies."

Liverpool and District Society. Dinner at Adelphi Hotel, Liverpool, at 7.30 p.m.

Sheffield and District Society. At Sheffield, at 6.30 p.m. Lecture by Professor J. Hilton on "A Bit of Money."

Leicester and District Society. At Leicester, at 6 p.m. Lecture by Mr. S. Shaw, LL.B., Barrister-at-Law, on "Deeds of Arrangement."

Feb. 10th. *South Wales and Monmouthshire District Society.* At Cardiff, at 6.30 p.m. Topic Night. Students' Meeting.

Feb. 11th. *Hull and District Society.* At Hull, at 7.15 p.m. Mock Shareholders' Meeting. Students' Meeting.

Birmingham and District Society. At Birmingham, at 6.30 p.m. Lecture by Mr. R. B. Garnham, F.C.W.A., on "The Interlocking of Cost and Financial Accounts." (The lecture will be held at the Birmingham Chamber of Commerce and is by invitation of the Institute of Cost and Works Accountants.)

West of England District Society. Dinner at Royal Hotel, Bristol.

Feb. 15th. *Liverpool and District Students' Society (Merseyside area).* Debate with the Institute of Municipal Treasurers and Accountants.

Yorkshire District Society. At Huddersfield, at 6.30 p.m. Lecture by Mr. Wilfred Dargue, A.C.A., on "Income Tax, Some Further Notes on Practice."

Feb. 17th. *London and District Society.* At Incorporated Accountants' Hall, at 6 p.m. Lecture by Sir Harold Bellman, M.B.E., on "The Ethics of Accountancy from the Business Standpoint."

Feb. 18th. *North Staffordshire District Society.* At Hanley, at 6.30 p.m. Lecture by Mr. P. T. Bowcock, Solicitor, on "Some Aspects of the Law of Property Act, 1925, of Interest to Accountants."

Swansea and South-West Wales District Society. At Swansea, at 6.30 p.m. Lecture by Mr. H. Dixon Williams, F.S.A.A., on "Receiverships."

Birmingham and District Society. At Birmingham, at 6.30 p.m. Lecture by Mr. W. F. Edwards, A.S.A.A., on "The Preparation of Monthly Accounts."

Bradford and District Society. At Bradford. Annual Supper Dance at Midland Hotel.

Leicester and District Society. Annual Dinner at The Guildhall, Northampton.

Feb. 21st. *Newcastle-upon-Tyne District Society.* At Middlesbrough, at 7 p.m. Lecture by Mr. J. Eric Thomas, Solicitor, on "Contracts."

Leicester and District Society. At Northampton, at 6 p.m. Lecture by Mr. A. E. Langton, LL.B., A.S.A.A., on "The Law of Trustees."

Feb. 22nd. *Newcastle-upon-Tyne District Society.* At Newcastle-upon-Tyne, at 6.30 p.m. Lecture

by Mr. C. A. Sales, LL.B., F.S.A.A., on "Accounts of Holding Companies."

Sheffield and District Society. At Sheffield, at 6.30 p.m. Lecture by Mr. Ernest Cornwall, Chief General Manager, National Provincial Bank Ltd., on "Banking and Industry."

London Students' Society. Meeting.

Leicester and District Society. At Leicester, at 6 p.m. Lecture by Mr. A. E. Langton, LL.B., A.S.A.A., on "The Law of Trustees."

Yorkshire and District Society. At Leeds, at 2.30 p.m. Visit to works and offices of Montague Burton, Ltd., followed by Lecture at 6.30 p.m. by Mr. E. Westby-Nunn, LL.B., Barrister-at-Law, on "The Accounts of Holding Companies."

Feb. 23rd. *North Lancashire District Society.* At Preston, at 7.30 p.m. Lecture by Mr. Bertram Nelson, F.S.A.A., on "Test Checks."

Nottingham, Derby and Lincoln District Society. At Nottingham, at 6.30 p.m. Lecture by Mr. A. E. Langton, LL.B., A.S.A.A., on "Liabilities and Duties of Auditors."

Hull and District Society. At Hull, at 7.15 p.m. Lecture by Mr. E. Westby-Nunn, M.A., LL.B., on "Executorship Law." Students' Meeting.

Liverpool and District Society. At Liverpool, at 6.15 p.m. Lecture by Mr. E. Miles Taylor, F.C.A., F.S.A.A., on "Accountancy in relation to Examinations."

Dublin Students' Society. At Dublin, at 5.45 p.m. Lecture by Mr. C. L. Lawton, M.Sc., A.C.A., on "The Creation and Control of Credit."

Feb. 24th. *East Anglia District Society.* At Norwich, at 7.30 p.m. Lecture by Mr. C. M. Dolby, F.S.A.A., on "Bankruptcy."

Birmingham and District Society. At Birmingham, at 6.30 p.m. Lecture by Dr. Hugh Dalton on "Our Monetary System, Should it be Reformed?" (The lecture will be held at the Birmingham Chamber of Commerce and is by invitation of the Institute of Bankers.)

South Wales and Monmouthshire District Society. At Cardiff, at 7.30 p.m. Lecture by Mr. Bertram Nelson, F.S.A.A., on "Forecasting in Business."

Bradford and District Society. At Bradford, at 7.30 p.m. Lecture by Mr. E. Westby-Nunn, LL.B., Barrister-at-Law, on "The Accounts of Holding Companies."

Feb. 25th. *South of England District Society.* At Bournemouth, at 7.15 p.m. Joint meeting with Bournemouth S.W. Hants Branch of the S.E. Chartered Accountants' Society.

Cumberland and Westmorland District Society. At Carlisle, at 7.30 p.m. Lecture by Mr. T. L. Williams, A.S.A.A., on "Local Government Audit."

Sheffield and District Society. At Doncaster, at 6.30 p.m. Lecture by Mr. E. Westby-Nunn, LL.B., Barrister-at-Law, on "The Accounts of Holding Companies."

Manchester and District Students' Society. At Manchester, at 6.30 p.m. Lecture by Mr. C. L. Lawton, M.Sc., A.C.A., on "The Capital Structure of a Commercial Enterprise."

The Training of the Practising Accountant.

A LECTURE delivered to the Incorporated Accountants' Students' Society of London and District by

MR. CEDRIC N. WALTER,

INCORPORATED ACCOUNTANT.

The chair was occupied by Mr. G. ROBY PRIDIE, F.S.A.A.

Mr. WALTER said: After qualification, some of you may become specialists, that is, you will practise in only one branch of our work. Others may take up commercial appointments. Be that as it may, probably the majority will remain in general practice, the tests by which we obtain our qualification are based on general practice, and, consequently, our training should be in and for that work.

It is the training which I particularly wish to emphasise this evening, but only up to the time of qualification. Training will still be necessary after that happy event, but, naturally, it will be shaped on different lines.

The Society of Incorporated Accountants has two kinds of students. Those who are serving an apprenticeship of three or five years with a practising Incorporated Accountant, and those who on compliance with the special bye-law are allowed to sit for our qualifying examinations. Of the two, the majority are articled clerks, and although for brevity I may refer to articled clerks my remarks will apply and, I hope, be of some benefit to both.

When deciding to enter this profession, how many have a full conception of what is required of a practising accountant?

Before we can decide upon our training we must, I suggest, know exactly what it is we want to attain. When we see clearly what is going to be demanded of us, we can decide upon the method of training best suited to our individual needs.

With this in mind, I have divided my remarks into three parts:

1. The duties of an accountant in general practice.
2. His personal qualifications.
3. His training.

Just briefly, as to his duties.

First and foremost, he must have a complete knowledge of accounts of all types and of all kinds of businesses and associations. He must know the principles underlying all of them, and be able to interpret all that are brought before him, and to prepare any of them, whether from complete or incomplete records.

Then he must be prepared to act as auditor of incorporated companies, of unincorporated associations, of partnerships and businesses of all kinds; and this is one of his most important duties.

He must have a complete knowledge of the law relating to limited companies, and be able to advise at the company's formation, to assist during its life in various ways, either as watchdog for the members in the form of auditor or to guide it as secretary or director. If the business is not doing well he must be prepared to investigate for the cause, and to put forward remedies for cure; even to step in as special manager, take over the management, and put it right himself.

He may have to advise upon, or work out, schemes for amalgamations and reconstructions of companies, or an arrangement with the company's creditors.

If acting as trustee for debenture holders he will watch their interests, or when appointed as receiver, either by

appointment under the Court or out of Court, he must be competent to take possession of the assets and satisfy their claims. Finally, at the close of the company's life he must be able to act as its liquidator either in compulsory, supervisory, or voluntary liquidation, and wind up its affairs.

Taxation in these days is a very important branch of a practising accountant's work. He must have a full knowledge of Income Tax, Sur-tax, National Defence Contribution, and similar taxation. Not only must he be able to settle the liability of a client, he must be able to ensure that the Inland Revenue does not put a larger shovel into his client's stores than it is entitled to. Also, he must be able to advise as to the effects of taxation on contemplated schemes and policies. He must be able to act as an advocate in suitable cases and represent his client in taxation appeals.

Clients sometimes receive schemes from debtors, and the practitioner must be able to advise upon the merits and demerits. If necessary, he must represent his client to see that his interests are safeguarded, attend meetings as his proxy, and speak for him.

He must be able to investigate any business, either for purchase or to ascertain what is wrong if the business is ailing. In bankruptcy, deeds of arrangement, and deeds of assignment, he must be able to advise and represent clients who have insolvent debtors, or to act as trustee.

A knowledge is required of executorship law and accounts, and the duties of executor, trustee or administrator; also death duties and their incidence. Clients sometimes seek his advice when making a will.

He must be able to act as receiver in various cases other than limited companies, either under the Court, or out of Court.

He must be able to act as an arbitrator and settle cases in dispute, or to act as advocate for his client in an arbitration.

Knowledge is necessary of costing, of statistical method, of economics, and business trends. He should be able to advise on all questions of financial policy.

He has to be on the watch for, and deal with, mistakes made by the staff of clients, whether of fraudulent or other nature. Directors have to be dealt with who want to bolster up bad accounts and present to the members a misleading statement of the company's affairs. He has to write reports upon all sorts of matters; they must be clear, unambiguous, and concise. A good understanding of the law relating to all matters with which he is concerned is essential, and the ability to interpret it. He has to seek the truth in all things that come before him, and, having found it, he must see that it is clearly set forth. There are also what one may term moral duties. The practising accountant should uphold business morality. There are times when a client is tempted to stray a little from the straight and narrow path, and he must be gently and tactfully led back to it.

To carry out these multifarious duties as and when called upon, there is required a wide practical experience and sound knowledge, acquired only by careful training, which cannot commence too early. But of equal importance, and we do not always realise it, the practising accountant must be possessed of certain personal qualities. Now what are these?

First and foremost, he must live up to the motto on the crest of our Society, *Fides atque integritas*. Act always in good faith, and his integrity must be beyond suspicion. An aptitude for figures is very necessary, and the ability to arrange them in their correct and most suitable order. He should be conscientious, painstaking, and very accurate. He requires good powers of observation, should be

capable of drawing correct inferences, and be able to detect errors of omission and commission.

He needs concentration, a quick comprehension, and a neat and tidy mind, the power of clear thinking, and a well-developed critical faculty. He must be patient and persevering. He also requires a balanced mind capable of seeing both sides of a question, and should be able to form an unbiased judgment. He should be a good judge of matters and men. He should have a sense of proportion; be tactful and diplomatic; be just and fair.

Professional etiquette he must put before personal desires. He must never shirk responsibilities; he must be firm when occasion demands, and be able to take a decision which he feels to be right, and to stand by it whatever the consequences appear to be. He should be able to speak well on all occasions, and in public. He should have a courteous bearing and pleasing manner, some imagination, a sense of humour, and be something of a psychologist. He needs, of course, the usual social qualities, and should be able to mix with all men of all ranks, should be widely read, well informed, and an intelligent listener.

All these attributes or qualities are present in all of us in varying degree. All will need cultivation to bring them up to the full extent of our requirements. They are all vital to our success, and we cannot acquire them through the medium of any textbook or tuition course. Their ultimate development depends entirely upon ourselves.

We know now the duties that are expected of a practising accountant, and the personal qualities required. What must be done to train ourselves in order to attain all this? First, we have to pass a "means test" in the form of the preliminary, or similar, examination, and prove that we possess a minimum capital of education and mental ability. Some are better endowed with mental riches than others, but, whatever our endowment, the use we make of it during the ensuing five years is of the greatest importance to each of us.

The next step is to enter the office of a practising accountant, and according to the syllabus of the Society of Incorporated Accountants this is for experience. But our success in this direction will depend, I suggest, upon the form of tuition we adopt. We soon find we can obtain correspondence courses in various forms, to cover almost every day of our five years. Their syllabuses remind us very forcibly that we have two examinations to pass, and place the idea in our mind that the only possible and certain way of passing them is to take one of these courses. They seem so easy, all is planned for us, we do not have to think for ourselves. And so we enrol, and thereupon become one of hundreds, all reading the same books, the same chapters, the same notes each week, receiving the same questions, and are expected to answer them in the same way. Gradually absorbing more and more the examination atmosphere. Have you ever thought of it in that way? There is no cultivation of initiative, no individuality. Is not the result mass-produced examinees? Stereotyped minds? Just what the profession does not want, and not what we want ourselves. Further, another effect of the correspondence course, as it must do, is to focus the mind entirely upon examinations, and unless we are very careful we come to look upon them as the end we are working for, when they are only intended to be a test of the experience we have gained. The correspondence course will enable us to pass the examinations all right. To such a pitch are they developed to-day that they would enable us to pass even if we did not have to serve in an accountant's office. The danger in them that I see is that if we think too much of the work they give us to do, and there is a great deal of it, there will be no

incentive to find any absorbing interest in our daily practical office work. What does it matter if something crops up which we do not understand? We shall come to it sooner or later in the course, and so we may not always garner all the experience we should, and, remember, it is to acquire *experience* that we are in that office, not just to pass examinations.

The period of articles is the university of our professional life, and like the undergraduates in other universities, we should then learn to study and acquire knowledge without supervision, without the continual class instruction which we had at school. It is the time when we have to begin to think and plan for ourselves; to seek knowledge for its own sake. If we are not careful and discerning there is the danger that we shall, with the memory of school routine tuition fresh in mind, regard the correspondence course as sufficient for our purpose, and fail to recognise the greater need for our development in other ways. What we have to bear in mind is that the career of a practising accountant is in the practical, and not the academical world, a fact we cannot realise too soon.

For guidance we have our principal, but I do suggest we must let him see, by the interest we show and by deliberately seeking his aid, that we intend to work on other than school lines. When our principal tries to do his duty and explain things to us, do we always display the keen interest we should? How often do we go to him of our own accord and ask for his guidance and explanation? After all, if one is going to instruct there must be a response from the pupil, there must be co-operation. One must feel that the instruction is making some impression, that it is desired, otherwise it is as encouraging as sowing seed on stony ground. And so the correspondence course can cause the principal to feel there is no particular need for him to go out of his way, and consequently much valuable personal tuition is lost. The correspondence course only teaches theory, it does not give us practical experience neither does it develop all those personal qualities which we require. If it be adopted it should be kept severely in its place, and should not be allowed to stultify our efforts to develop ourselves in other respects. How many of us ever say "Is there not some other way of achieving our aim?" Those who have ascertained exactly what is expected of them, and can see exactly what they are going to strive for, will at once realise that mere paper learning is not what they want, neither will they think only of examinations; rather will they think of what they want to be, and they will realise that for successful achievement they have got to train themselves to a very large extent. They will, therefore, have to work on different lines to the usual. Their outlook must be totally different. Their minds will be fixed on the practitioner they want to be, and all their efforts will be towards training themselves for that end.

The student working on those lines will have an ideal, an inspiration; he will not tie himself down to a routine course. He will set to work to acquire knowledge from practical experience wherever it may be possible. He will immediately cultivate that tremendous spirit of inquiry which must be the natural attribute of every practising accountant. Always, why? He will create an insatiable thirst for knowledge, absorbing it from every possible direction. Never losing a single opportunity to learn. Watching those more skilled. Mastering everything he undertakes. Showing what he can do and demanding responsibility, not waiting for it, because he will know it is the best way to get the experience he wants. Never missing a chance to see the application of theory, and to apply it himself. If he feels the need he can

always attend a series of lectures in any particular subject, and get personal tuition. He will examine himself for shortcomings in those personal qualities which are so essential; he will develop all those qualities to the highest pitch. He will, of course, require some guidance. What better mentor and guide than his principal, who will then be only too ready to advise and help such a man, and give the really personal tuition which is so very desirable? Such a student will be aiming all the time, not at passing examinations, but at making himself at the end of his five years an A.I. Incorporated Accountant, fit in all respects for all that may be required of him. He will see the examinations as they really are, merely incidents, just occasional tests of his experience. Contrast a man working on these lines with one who is content to depend upon the correspondence course, with his horizon bounded only by examinations! It is a rather interesting comparison.

Now, let me be quite clear on this; I would not advocate that all should attempt to work on their own; we are not all endowed with the same abilities, or have the same facilities. A gifted few, perhaps, know at once they can take the bold course and strike out on their own, but there are some, not a large number maybe, who feel they should and could work on more individual lines, but are uncertain whether to try it or not. Confidence will come to such if they make the attempt. One often hears to-day, "I will try anything once." To those who are hesitating on the edge, feeling they would like to break away and yet fearing a little, I would say this, Try it once. Step off the hard and tiring road of correspondence, go into the fields of knowledge at its side, pluck the refreshing fruits for yourselves. Experience the thrill of exploration and discovery, enjoy the single-handed conquest. There will be obstacles. You will surmount them, each successive one more easily than the first, and when you come to each examination stage you will be mentally fresh and alert, not tired and weary, but ready to welcome it as an opportunity to show your experience. Later, when you pass the qualification boundary, you will quickly climb from the barren plain of mediocrity, where so many stay, up to the rich and fertile country in which your rewards are waiting for you.

Well, be our choice as it may, and whether we take the correspondence course or not one thing is very necessary to all of us, and that is what I would term self-training. We have got to shape and develop our professional selves, and towards this end I would venture to offer a few suggestions. Now you will agree, I am sure, that one of the most important things we require is accurate observation, to notice the unusual and connect things up. It is a thing which we can only cultivate ourselves. Just one or two examples.

You will remember in the beginning how we were given a set of accounts to copy in skeleton. How many of us ever did it accurately? Wrong spacing, the lay-out wrong, and even wrong spelling. All pointing to lack of observation. Again, one man will look at the folio of a ledger and see only the item he is looking for; another will see many things in the one glance. He will notice any alterations, items unticked, missing folios, totals which disagree. In a word, he will notice immediately everything that is unusual. Your principal will look at an account or a result and sometimes say at once that it is wrong, or that he feels it is wrong somewhere, and subsequent investigation shows him to be right. In early days you think it is some sixth sense. It is well-trained observation. There are certain other things which he has noticed and grasped, and which are in his mind, and the result before him does not fit in with them. When this happens, try to find out from him why he says or feels this. He will tell you.

You will all know those party games in which a number of articles are exhibited for a short period, or a series of advertisements minus the names of the advertisers are shown, and afterwards we have to write down from memory the articles we can remember, or identify the advertisements, in a given time. How rarely it is anyone gets 100 per cent., and yet when we are told the answers how obvious and easy it all was. It shows us how much we see frequently and yet fail to register an exact impression. Why not apply the principle of those games in the course of your daily work? So far as your work is concerned, you should be 100 per cent. in observation. See what you do observe and what you do not. Just try it.

Not only must your observation be accurate, but endeavour to draw correct inferences, to connect up all the facts in their proper and logical order. Don't jump at hasty conclusions. Learn to reason back from effect to cause. Therefore, according to the nature of your daily work, try to work out ways and means of using it to cultivate your observation, until you too have the all-seeing eye, and can instinctively feel whether a result is right or wrong.

The first object in each branch of your work must be to discover and thoroughly grasp the essential principles, and then, most important, to apply them. Make sure of the foundations, whether of accounts or of law; then make it a habit to watch all the time for their application, and you will be surprised how easily you will fill in the rest of the structure.

Examiners say that the cause of failure on the part of most examinees is that they do not read the questions carefully. That is bad observation, lack of self-training, and over-anxiety caused by concentration on examinations. Use your daily work to avoid these faults. In everything you read, learn to analyse each sentence for the vital word, each paragraph for the main clause. Underline the principal words, the really important portions, or ring them round. At first this may be a little difficult and slow, but make a habit of it and speed will come. Do it always, and apart from impressing on the mind what you are reading, the mental training will be such that you will have no fear of not reading an examination or any other question carefully.

It is a good plan to carry a notebook in which to jot down things noticed in passing which you are uncertain of. But take care it does not end there. Make the opportunity to get your answer. Ask, turn up in the appropriate books. Do not rest until you have the right answer. That searching for the answer yourself is one of the most valuable aids for acquiring knowledge you can have, and to look up a question while the practical application is fresh in mind is more beneficial than hours of reading.

Form your own library of professional books, of the essential ones on each subject, so that you can always look up a matter at once. If you have to wait to get the book from a library, or at the office, time goes by and the matter is often passed. You will be amply rewarded for the expense involved. There is a perfect goldmine of knowledge and instruction in the different accountancy or professional journals, such as *The Accountant*, *The Incorporated Accountants' Journal*, *The Accountant Student*, and *Taxation*. A regular and thorough study of them is, in my opinion, the finest tuition course you can have. Only, read them right through; miss nothing. Never mind if at first there is much that you do not understand; it will come in time. You see, everything is practical; it is happening; it is up to date. Above all, it is bringing you more and more into touch with the profession, to become part of it, and to absorb its traditions. You are

unconsciously acquiring the right atmosphere and the accountant's mind. One of the finest investments you can make is to take in all these journals; don't wait to read them at the office when others have finished with them, it is too irregular. Order them to your own house and study them, and believe me there is no investment which, not only during your training period but in your later practising life, will yield you such handsome dividends.

The lectures which are given by this Society, and by others, which are reported in our professional journals have a special value, as they are mostly given by members who are practising in the subject they are dealing with. They are, therefore, speaking to a certain extent as specialists, and you also get the viewpoint of the practical man. Attend all you can, and take part in them. Read the decisions of Judges, and notice how they sum up the case, how they pick out the essentials, how they reason, their clarity of expression, and simplicity of phrase. All qualities which we require. It is a fine education and splendid example.

Reports are frequently being drafted in the office. Don't wait until you are asked to do one. Try it on your own, and then compare it with the original. Study all the reports you can find. Read them through carefully and watch their arrangement and construction. Try to form an opinion on each, whether it is good or bad, whether it is easy to understand, and whether it adequately explains the matter under discussion. If you think it fails, try to work out the way of improvement. Not only is this training you in report writing, but you are cultivating your critical faculties.

Even letter writing requires practice, and it teaches concise expression. Study the correspondence files in your office, note the style. Criticise the letters, to yourself of course, and see whether the wording clearly conveys the meaning intended. You will be aware of the subject of some of the correspondence. Try drafting an answer and comparing it with the official answer.

As to newspapers. Be discriminating in those you read. Read a paper which does not indulge in the sensational, but portrays the unbiased well-balanced view of things. The point of view which you require and have to cultivate.

Go to meetings of all kinds—company, municipal, sports club, and others. There is a definite order of procedure. If you can get the opportunity, speak. If it be only to second a motion, do it, but try to do it correctly. To discuss things on all occasions with fellow students and those who have any knowledge of the subject is very helpful. It will often make clear something you were doubtful about. To rub minds with others is beneficial. You will, no doubt, remember Bacon's words, "Reading maketh a full man, conference a ready man, and writing an exact man."

When you start a new book it is a good plan to study very carefully first the index and the table of contents. You will get the principal divisions and parts of the subject fixed in the mind, and will also have some idea of their relationship to each other, for there is sure to be a reason for their order.

When learning law, don't ignore the Acts which form the basis of each branch of the law you are concerned with. First examine the index and get the order and divisions in mind. Next, work through each group of sections. Look for the key or main section. Analyse each section, and having mastered it, write it out as concisely as possible in your own words, not in too much detail, but the vital points. Many of you will remember when studying geometry how one proposition

would be very difficult of understanding, but, once mastered, a number of others were very easily assimilated. You will find similar cases occur when studying law on these lines, and the searching for the meaning yourself impresses the law in the mind. Once you have a grasp of the Acts the case law will be very easily absorbed, for you must know the principle involved before you can follow the decisions.

Try to be creative, and ask yourself, "Is there a better way of doing this?" If you think there is, put it forward. It may or may not be a good suggestion, but it is making you do your work with intelligence, and not merely as a piece of routine. Just because a thing has always been done that way is no reason why it is necessarily the best way. Times change and methods with them. Two thousand years ago Pontius Pila'e gave us our watchword when he said "What is Truth?" It is our eternal quest in this profession, the question we are always asking ourselves. But he would not have made a good auditor, for when he found the matter somewhat difficult, he washed his hands of it. We can never do that. No matter what the difficulties, or the effects on ourselves, we must not rest until we have got the truth. Learn to apply that principle from the beginning, and to everything you are engaged upon. Maintain always that spirit of inquiry in every branch of your work. Cultivate the auditor's mind. Apply it to your studies. Have you got to the truth of the matter, do you really understand it? Later, as auditor, you will be called upon to certify the truth, and you cannot commence training yourself for this too soon.

In the professional journals queries are dealt with. In early days, read the query through and then, from memory, write down the main point. Next read the answer, and, from memory, write down the kernel of it. If any Acts or other sources of reference are quoted, look them up. When more advanced, read the query only and attempt the answer on your own, and compare it with those published. Better still, if you have the time, send in the answers. It is all creating an interest and making you acquire and search for knowledge with a direct object. It is so much more impressive on the mind than merely reading of the subject in a textbook, because these queries all arise out of actual practice, and you know someone is waiting for an answer, or will be guided by the answer. Another good plan is to read a lecture through carefully. Afterwards, from memory, jot down the principal points; and compare it with the original. Then try delivering it yourself by the aid of your notes—in your own private room, of course. At first it will be difficult. All things are, but it will become easier as time goes on. It will fix things in the mind, and will also be some training in speaking and in concise expression. Try the monthly essays in *The Accountant Student*. No matter if your effort at first is not worthy of a prize, you are learning all the time. Searching for knowledge yourself, and learning to develop your powers of expression, of clear thinking, and of judgment. Cultivate clear thinking and concise expression in and about all things, not merely when you have some special essay or report to do, but in every letter you write, and sentence you speak. Self-training is necessary for this. Cultivate it, and you will not have the slightest difficulty in expressing yourself in the examination room, for by that time it will be natural to you.

The file of any client is teeming with questions, to those who have eyes and observation, and questions of the type you will be asked in examination. You have an odd five minutes, take a file and see if you understand everything in it. Look for questions. Ask yourself, why this or

that? You are acquiring knowledge, and also training your observation.

Now it often happens that the office you are serving in may not practise in every branch of our work, in which case you must seize upon every opportunity to seek that experience wherever else you can find it. This applies perhaps more particularly to bankruptcy, costing, and, less frequently, liquidations. Clients often have bankruptcy and liquidation notices. Try to get access to them, and learn all there is to be derived from them. If a meeting is to be held, ask for permission to attend it on behalf of, or with, the client. Look up in the Act beforehand as to the procedure; you will then see the application of it. Note down any questions which may be asked at the meeting which you are not sure of, and look them up afterwards while fresh in mind. Later, you can apply to represent the client as soon as you are sure of your ground, and in any case it is good to have the responsibility. Visit the Bankruptcy Courts. Apart from the actual procedure you will find it very instructive. Costing is a subject you may not come into frequent contact with, but where a client has a system installed, don't neglect the opportunity to learn all you can from it. Get the costs clerk to show you his methods. We are all a little vain, and he will be quite pleased to explain and discuss points with you. You will see in actual practice what you have been reading about. When reading on costing, note down in your notebook anything which you think your costing friend can show you in practice on your next visit.

Go to the Law Courts and see something of the conduct of Income Tax cases. It is instructive both as to procedure and for understanding of the matter being heard. Similarly go to the Chancery Court and other Courts that may have a particular interest for us. With regard to Income Tax, get firmly fixed in your mind the basic principles. The divisions of income and the Schedules and Cases under which they fall, and the rules as to allowances of expenses. All day long you have income and expenses of various kinds appearing before you. Give the items a moment's thought to consider whether or not they would be taxable or be allowed for Income Tax purposes, and under which Schedule or Case they would fall. If you have the slightest doubt and cannot find out at the time, put it in your notebook and look it up. After a while this classification will come to you subconsciously.

Published accounts of all kinds should be specially interesting. Consider their form, whether they give a clear view of the state of affairs and, if not, how you would regroup them. What steps would you take to verify the different assets? Read the auditor's report. If it is qualified, note carefully the words. Are they clear or ambiguous? It is quite a good plan to make a collection of all qualified reports you come across.

If I stop here, please do not think it is because I have exhausted the whole of the methods of self-training. Far from it. Time permits of merely a few brief examples, a very short indication of the lines to follow. You will, when you come to think it out, discover numerous other methods and better ones. The very searching for the methods means self-training, and will provide a new interest and a stimulus.

Well, so far it has been all work, hard work, and no play. How about recreation? Physical recreation according to one's needs, but we must not overdo it and get physically tired or our powers of study and concentration are interfered with. Travel abroad; it is easy enough to-day, and cheap enough to suit all pockets. It is money well spent, and broadens the mind. Then we must not forget mental recreation; in particular, I would plead for

music, art, and literature. Not the jazz type, but the finest and best of each. We are largely influenced by what we associate with. If we are training to become masters of our own craft we should be able to appreciate the work of great masters in other spheres of life. Apart from the cultural value, an interest in their work will put some colour into our mental background and act as a counter-balance to our work. A great artist is never satisfied, and however perfect we may think his work he is not content, always trying for something better. And why not so with us? Let us be imbued with the same spirit of discontent with our work. Let our work be a matter of pride, yes, but not complacency. Let us be always striving for that little bit better, and although it may not be given to us to command success, we shall, at least, be deserving of it.

Discussion.

Mr. A. CARNEGIE HERON: While I agree with the Lecturer that we ought to seek instruction from our principals, it seemed to me that his comments in the early part of the lecture amounted almost to an indictment of the average clerk. How often does the young article clerk find that he is able to get into touch with the principal, even when he wants to? The Lecturer used the words "demanding responsibility." I would rather enjoy seeing what would happen if that were done. He also mentioned the subject of office correspondence. I do not often find that article clerks are allowed to handle the correspondence. Of course one might be allowed to do so under supervision and thereby gain the experience of which Mr. Walter spoke. But the point that seemed important to me was this: Is it the Lecturer's own personal experience of students and principals that prompts him to make those statements, or does he assume that all principals are equally interested in their students' welfare?

Mr. WALTER: Obviously I cannot speak for every principal. I can speak for those I know, which is not a small number, and if I can take that as a criterion and apply it to principals as a whole then I would say that the majority of principals have really got the interests of their article clerks at heart. But their experience has shown them that there is not always a feeling of co-operation and, as I have said, without that co-operation there cannot be personal tuition. There is not usually the incentive for a principal to give that personal tuition. Mr. Heron referred to correspondence in the office. I did not intend to suggest that a young article clerk should be actually handling correspondence with the outside world himself. What I meant was that if he has ten minutes to spare he might take the correspondence file of a client—most likely he would know something of the subject-matter of the correspondence—he will see a letter on the file which has come in from whoever was being corresponded with. My advice to him is not to turn over and see what the firm has answered, but to draft an answer himself and then compare it with the official reply sent by the firm. On the question of demanding responsibility—there again I cannot speak for every principal. Speaking personally, nothing would please me more than if an article clerk came in and demanded it.

Mr. R. G. COLEMAN, B.A.: I was interested in the lecture more from the actual examination side of our training, but how many article clerks work with their principals even for short periods? So far I do not think I have done so for more than a couple of hours in six months. Secondly, if we take the initiative and say we are not going to work for examinations by a correspondence course or by means of lectures; we are going to work on our own, I am afraid the only guidance we generally get is a series of books which it is recommended we should read. We read those books and look at previous examination papers to see what questions have been set, and we study the answers to those most frequently asked. One knows that there are certain

important questions and that some of them may be asked every time. Thirdly, we as article clerks are expected first of all to do the day's work. We go home in the evening and then have to sit down to tuition or to work for the examination. The hour is probably late and we are tired, so we spend all our time concentrating on those things which we think we are most likely to be asked, and we narrow our learning in that respect.

Mr. WALTER: What Mr. Coleman has said is important, but this may not be the right place in which to discuss it. Mr. Coleman's experience with his principal may be exceptional. I should be very sorry to hear that article clerks in general never spend more than a couple of hours with their principal in the course of six months. The accountant student's day is admittedly a long one, but the day sketched out by Mr. Coleman is no different from that of the student in any profession. It is one of the problems of to-day and one which I think will sooner or later have to be settled, namely, the proper combination of the acquirement of practical experience in the course of the period of one's articles with obtaining the requisite amount of theory. I suggested that work in the daytime should be used to obtain as much theoretical knowledge as possible from the practical work. Theory learned in that way is far more easily acquired than by sitting down late at night and trying to concentrate upon it. The position is this as I see it: there is a correspondence course which entails a great deal of work; as things stand at present the time in which one does it is the evening. If you put in a 100 per cent. day, I agree with Mr. Coleman it is very difficult to sit down and get 100 per cent. results from your studies in the evening. The question to my mind is which road are you going to follow—the correspondence course, or not? If you are not going to take the correspondence course, then you must have guidance. The person to give you that guidance is your principal. In the contract of articles he undertakes that he "will by the best ways and means in his power and to the utmost of his skill and knowledge instruct or cause to be instructed the said candidate in the practice or profession of an accountant and auditor." But there are two sides to every contract and, as I have tried to point out, I think there is a lack of unity. This may be my own personal view and I may be wrong, but I think the correspondence course is largely to blame for this lack of unity, this lack of working together between the principal and his article clerk.

Mr. J. T. PAXTON (Incorporated Accountant): The Lecturer has dealt very fully with what the article clerk should do during his period of articles. I have been wondering what the qualified accountant should do immediately after he has passed the Final examination. There is then, I think, a great desire for excitement; of course there is a great release of tension. I wonder whether Mr. Walter would let us know what he thinks a newly qualified man should do immediately he has passed his Final examination.

Mr. WALTER: The point raised by Mr. Paxton is outside the ambit of this lecture, but I do not take refuge in that. I say so because it could be the subject of more than one lecture in itself, namely, what a newly qualified Incorporated Accountant should do and what lines he should follow. Perhaps at some future time, if I am privileged to do so, I might be able to go fully into that question, but I think if I embarked upon it now your President would be pulling my coat tails because the time is getting on. It is a question of very great interest and one which I think is very rarely referred to. I hope that will be remedied, and that a lecture will be given on the subject.

Mr. W. C. C. SMITH (Incorporated Accountant): I feel that it would be a great pity this evening if we let the meeting close without saying that, in spite of the many difficulties the students have—we all have as students many trials and problems to get our work through—I do feel this evening that the Lecturer has set before us an ideal. He has given us a very fine vision of a professional accountant. Speaking as a qualified man, I

have learned a great deal by coming here this evening, and I would like to express my personal thanks to Mr. Walter for putting before us this splendid ideal. I know it sounds very high and lofty. I expect that some of us, when we first heard the duties and responsibilities of a practising accountant at the beginning of the lecture, felt like giving up the profession. But he has urged us to aim high, and I think he has given us a very valuable point, namely, that during our period of articles we must not get this examination mesmerism too much. We must think beyond it, and if we can study and work with our eye upon the days beyond the examination, I think we shall enjoy it much better.

Mr. FREDERICK R. WITTY (Incorporated Accountant): It is with some trepidation that I rise to propose a vote of thanks to the Lecturer. One of the attributes he required of a good accountant is the ability to speak well on all occasions and in public. May I humbly suggest that this Students' Society provides the means of training for that attribute, even if it is just to get up and ask a question or propose a vote of thanks? Mr. Walter has chosen a somewhat unusual subject for his lecture, one which I do not remember having heard discussed in this Hall before. I think possibly the subject of his lecture would not of itself serve to answer one single question in the examination; but in spite of that—I am almost tempted to say because of that—it is, I feel, one of the most valuable lectures we have ever heard here. I was very glad to hear that throughout his lecture he emphasised that too much attention must not be focussed on the examinations, but rather on the professional training; I remember being told, when I got through the Final, that passing the examination was not the end of a career, but the beginning of it, and that is a point which I think should be borne in mind. I should like to extend, on behalf of all of you, a very warm welcome to Mr. Walter, as this is his first lecture here, and I hope it will not be the last. I have much pleasure in proposing a very hearty vote of thanks to him.

The vote of thanks was seconded and carried with acclamation, and the proceedings terminated with a vote of thanks to the Chairman.

Changes and Removals.

Messrs. Allen & Baldry and Holmans, Incorporated Accountants, Bilbao House, 36, New Broad Street, London, E.C., have admitted into partnership Mr. C. W. Wildy, F.C.A., Incorporated Accountant. The style of the firm will be unchanged.

Messrs. C. H. Bennett & Co., High Holborn House, High Holborn, London, W.C., have admitted into partnership Mr. R. W. Lambeth, Chartered Accountant, and Mr. G. W. Farndon, Incorporated Accountant. There is no change in the firm name.

Mr. P. N. Bhatia, B.Com., Incorporated Accountant, has joined the firm of Chatrath, Bandari & Co., The Mall, Lucknow, India, as a partner.

Messrs. Binder, Hamlyn & Co., Chartered Accountants, River Plate House, 12 and 13, South Place, London, E.C.2, announce that they have admitted into partnership Mr. Anthony G. Burney, A.C.A., who has been a member of their staff for some years.

Messrs. Blease & Sons, Chartered Accountants, India Buildings, Water Street, Liverpool, have admitted into partnership Mr. C. M. Jackson, A.C.A. Mr. Jackson will be one of the resident partners at their London office.

Messrs. Bolton, Wawn & Co., Incorporated Accountants, Hood Street, Newcastle-upon-Tyne, announce that they have opened an office at Sun Buildings, 15, Park Row, Leeds. Mr. Edward Johnson, A.C.A., will be in charge.

Messrs. James M. Brodie & Co., Incorporated Accountants, of 73, Princes Street, Port Glasgow, announce that their business has been amalgamated with that of Messrs. Brodie, Burns & Anderson, of 116, Hope Street, Glasgow, carried on by Mr. E. Mortimer Brodie and Mr. E. Mortimer Brodie, Junr. The amalgamated businesses will be continued at the same addresses and under the same firm James as hitherto.

Messrs. Brown, Butler & Co., Incorporated Accountants, announce a change of address to 32-33, Commercial Street, Leeds.

Messrs. Daffern & Co., 19-20, High Street, Coventry, have admitted into partnership Mr. James Reginald Mead, A.C.A., who has been associated with them for some time past. The name of the firm will remain unchanged.

Messrs. Gibson, Hyslop & Co., Incorporated Accountants, Reserve Bank Chambers, Wale Street, Cape Town, have taken Mr. J. R. Winearls, A.S.A.A., into partnership. They will practise under the same firm name as before.

Messrs. Arthur Greenwood & Co., Incorporated Accountants, announce a change of address to Willing House, 356/360, Grays Inn Road, London, W.C.1.

Messrs. Hodges & Leathers, have removed their offices to 31, Hanover Buildings, Southampton.

Messrs. F. Jennings & Co., Incorporated Accountants, announce that they will in future practise under the style of Jennings & Watkins, and that they are now practising at Old County Court Offices, 12, Church Place, Neath.

Messrs. George Mackeurtan, Son and Crosoer, Incorporated Accountants, 376, Smith Street, Durban, have taken into partnership Mr. Roger Laughton, A.S.A.A., The style of the firm will be unchanged.

Mr. W. Richmond Murray, Incorporated Accountant, has removed his offices to York House, 12, York Street, Manchester.

Messrs. Ryland, Clift & Co., Incorporated Accountants, have removed to new offices at 10, Coleman Street, London, E.C.2.

Messrs. Turquand, Youngs & Co., and Messrs. McAuliffe, Davis & Hope have amalgamated their practices in England and abroad, and the combined London practice is being carried on at 19, Coleman Street, London, E.C.2, under the style of Turquand, Youngs, McAuliffe & Co. The style of the overseas businesses is:—In the case of Paris: McAuliffe, Turquand, Youngs & Kemps; for Barcelona, Madrid, the Malay Peninsula, the Dutch East Indies, Brazil and Argentina (Buenos Aires): McAuliffe, Turquand, Youngs & Co.; and in the cases of Malta and Gibraltar: Turquand, Youngs, McAuliffe and Co.

Incorporated Accountants' London and District Society.

A meeting of the Incorporated Accountants' London and District Society will be held at Incorporated Accountants' Hall on February 17th, at 6 p.m. Sir Harold Bellman, M.B.E., will deliver a lecture on "The Ethics of Accountancy from the Business Standpoint."

RUBBER QUOTA

The Rubber Export quota for the April-June quarter has been reduced to 60 per cent. This is a cut of 10 per cent. on the current quota, and will give an average of 65 per cent. for the first six months of this year.

Accounts from Incomplete Records.

A LECTURE delivered to the South of England District Society of Incorporated Accountants by

MR. R. A. FRICKER,
INCORPORATED ACCOUNTANT.

Mr. FRICKER said: There can be very few accountants who at one time or another have not had to deal with incomplete records, but those who most frequently meet the problem of preparing accounts from such records are accountants whose practices include many small traders. To some extent small businesses have suffered from the competition of chain stores and other concerns with large reserves of capital, but they nevertheless represent a large proportion of retail trade and provide no inconsiderable number of clients. Moreover, when a proper book-keeping system is installed an accountant is generally required to prepare accounts up to that time from such slender material as is available. For very many accountants, therefore, the subject is one of considerable practical importance.

It is hardly necessary to define incomplete records, but it may be useful to recall the provisions of sect. 274 (2) of the Companies Act 1929, with regard to what are proper books of account. This section, which appears to have been modelled on sect. 7 of the Bankruptcy (Amendment) Act 1926, reads as follows:—

"For the purposes of this section, proper books of account shall be deemed not to have been kept in the case of any company if there have not been kept such books or accounts as are necessary to exhibit and explain the transactions and financial position of the trade or business of the company, including books containing entries from day to day in sufficient detail of all cash received and cash paid, and, where the trade or business has involved dealings in goods, statements of the annual stocktakings and (except in the case of goods sold by way of retail trade) of all goods sold and purchased, showing the goods and the buyers and sellers thereof in sufficient detail to enable those goods and those buyers and sellers to be identified."

It will be noticed that no reference is made to the double entry system of keeping the books mentioned.

The clients whose records are very often found to be incomplete are small traders, manufacturers or agents, and some professional men—for example, doctors and dentists. Even when private companies have been formed it is sometimes found that their book-keeping leaves something to be desired, although generally their records are considerably better than those of the individual trader.

Of three main reasons why proper books of account are not kept, one is that there is no legal obligation to do so. Companies are governed by sects. 122 and 274 of the Companies Act 1929, and partners are bound by the Partnership Act 1890 to render true accounts of all things affecting the partnership to any partner or his legal representative, but, so far as I know, the only statutes affecting the keeping of financial books of account by individual traders are the Bankruptcy Acts 1914 and 1926, and their provisions only operate following bankruptcy proceedings. Secondly, some men, even good business men, lack either the necessary knowledge or appreciation of book-keeping. Thirdly, some traders manage to rub along to their own content by rule of thumb, their only incentive to keep records being the need to know how they stand with their customers, and where the sales are predominantly for cash even this

incentive is lacking. Also one does occasionally meet a trader who considers that any expenditure on records is to be avoided as quite unremunerative.

Such traders often only instruct a professional accountant when in special need of his services such as when dealing with a bank or with a loan or other creditor, when negotiating with a purchaser or even when bankruptcy proceedings commence. Sometimes, however, they do realise for themselves the advantages attaching to proper records, particularly if their business expands beyond the possibility of their personal supervision or when it becomes essential to appeal against an income tax assessment. It is common knowledge that the scope of taxation has been widened in recent years causing the assessment of many who were previously exempt, while in addition the standard rate has been increased and allowances have been reduced, and even a new tax on businesses, the National Defence Contribution, has been introduced. Taxation nowadays is so much heavier a burden for the small trader that the need for its correct assessment frequently sends him to a professional accountant.

As a client's requirements vary, so will his instructions. He may want accounts for various purposes or for one or more years. He may require them for the purpose of settling his liability to income tax, or may ask only for an income tax settlement, leaving the method to the accountant's discretion. The taxation case may be for one or two years, or even be what is known as a "back duty" case, that is, one involving liability to tax outside the six years within which assessments may be made.

Having ascertained his requirements, the next step is to examine the records. An inspection may show them to differ from what one was led to expect from the client's description, not necessarily on account of any intention of misleading, but probably because of ignorance of what proper records are. In such a case it may be necessary to have the instructions varied and clarified, and this will afford an opportunity for getting them extended so as to cover the introduction of an efficient accounting system.

In dealing with the records there are three main methods of approach, viz.:—Completion, Total Accounts, and Capital Accretion Statement, and each will be considered in turn.

COMPLETION.

It may be found that there are ledgers but no day books, or day books but no ledgers, while there may or may not be a cash book.

Where day books or cash books are lacking they may be written up in the usual way, while where these are kept but ledgers are lacking, ledgers may be written up similarly and the system thus completed. Two short cuts, however, can sometimes be adopted. First, where day books are not kept they can be compiled by working through the ledgers, taking the totals from each account successively and vouching as one proceeds. Secondly, where day books are kept, ledger accounts may sometimes be omitted by cross-referencing the day books with the cash book.

If single entry ledgers are the sole form of record they should be analysed, account by account, so as to give day book, cash and discount totals and to link up these totals with the opening and closing balances.

If it should be impracticable to write up a cash book, total bank and total cash accounts must be prepared. The total bank account will be a summary of the transactions passed through the banking account, prepared from the analysis of the bank pass book. For the total cash account it will be possible to ascertain from the ledgers the receipts and payments on ledger accounts

made in cash. Debit the total cash account with the cash in hand at the commencement and with the cash receipts in respect of sales ledger accounts, and credit it with the cash payments in respect of bought ledger accounts and these items will not require posting. Then see if the balance agrees with the amount of the cash in hand at the close of the period. Very likely there will be a difference requiring attention, but the procedure necessary in such a case will be considered when describing total accounts.

Although the advisability of completing records may depend upon instructions, it is usually left to the accountant's discretion, and the chief factor he will have to consider is the state of them. Such unorthodoxy as occurs where there is a reversal of debit and credit in the ledgers or where, as between purchase and sales ledgers, no distinction is made in using debit and credit, is of little practical importance although it calls for extra care. Where, however, the figures, the handwriting and the state of the records generally are very bad, it will probably be better to work altogether on total accounts, particularly if speed is necessary.

TOTAL ACCOUNTS.

When utilising total accounts the steps to be taken may be set out in order:—

1. Prepare a statement of affairs as at the commencement, unless, of course, a reliable balance sheet at that date is available.
2. Vouch the items in the bank pass book, analyse them and prepare a total bank account.
3. Where necessary also prepare a total cash account. This will generally be necessary except where it has clearly been the practice to bank all takings in full.
4. Compile total debtors and total creditors accounts.
5. Prepare final accounts and balance sheet.

The statement of affairs will first be outlined from the client's information and his replies to inquiries, and all its items should be vouched. It is nevertheless subject to revision as the work proceeds since transactions examined subsequently—for instance, repayment of loans, transfers from another banking account, or the receipt of dividends—may suggest assets or liabilities which were omitted. Conversely, the assets and liabilities will afford an indication of certain receipts and expenses which ought to be traced—for example, a loan will suggest loan interest and a motor van will suggest licence, insurance, garage charges and running expenses. Indeed, the accountant is required to be continually on the qui vive, as items quite small in themselves may have a material effect. If any such omission is brought to light no hasty conclusion should be adopted as to the wilfulness of the omission, as it might quite genuinely be due to a lack of accounting knowledge. Nevertheless, it is prudent to frame inquiries in a manner that is non-committal as to the effect of the replies, and it is an advantage if the client will submit his own written list of assets and liabilities, with his assurance that they are complete.

Fixed assets should generally be included at cost, but where the cost cannot be vouched and it becomes necessary to accept the client's estimate, it must be seen that the estimate appears reasonable. Assets on which depreciation is charged should be included at their written-down values, while if any assets are held on hire purchase it must be seen that the cost is not included without the corresponding liability for instalments unpaid, and that the interest charge is correctly dealt with. Inquiries should be made as to creditors on capital account—for example, for loans or plant—and accrued

charges and prepayments should be included. If no statements are available for vouching the creditors, a useful guide may be obtained from an examination of subsequent payments, especially if accounts are settled regularly, but where practicable it may be desirable to communicate with the creditors concerned. In appropriate cases a plant register and an investment register should be instituted, as they will assist in tracing subsequent variations of the assets. The compilation of the annual schedule of dividends required for income tax purposes will also be facilitated. Apart from the current account at the bank there may be cash balances on deposit or private accounts, or even with a building society, and all pass books should be inspected. Where a private bank account is either not used or only occasionally used for business payments I do not think that the balance need be included in a statement of business assets, but cases often arise where such an account is so much used for business purposes that it is preferable to regard it as a business account and to charge the private payments made from it to drawings. Conversely, if the balance is not included the trader will be given credit for any business payments. Where trading charges are paid from a private account it sometimes happens that trading receipts are paid into that account, and not necessarily of an equal amount. In view of the possible effect of such transactions it is important that all such receipts and payments should be traced and accounted for. These few points do not, of course, make an exhaustive list, but rather indicate the direction in which inquiry should be made.

The total bank account is a summary in cash book form of the analysed bank transactions. The analysis may be written in a permanent columnar cash book or loose sheets may be used, but in either case it is useful to have a column headed "queries," and other items needing separate columns are cheques cashed, personal payments, and contras. The summary prepared from this analysis will show:—

the opening balance,	debit or credit,
total bankings,	debit,
total cheque payments (analysed),	credit.
closing balance,	debit or credit.

The reconciliation of this account with the debtors and creditors requires particular attention. For instance, if outstanding cheques are included in the account on the date on which they are drawn, the creditors' balances will be correspondingly reduced, while if the account is prepared on the basis of pass book dates the total of such cheques should be included in the creditors. The same principle applies to amounts paid into the bank but not credited in the pass book at the close of the period.

As regards the total cash account, if it is ascertained that all receipts were banked in full and that all payments were made by cheque, it may be dispensed with and the receipts will then be entered in the total bank account under the appropriate headings. Usually, however, this is not the case, and then the account, which will be in a form similar to that of the total bank account, will be opened with the amount of cash in hand at the commencement. The total of cheques cashed will be brought from the credit of the total bank account to the debit of this account and the total bankings, as debited in the total bank account, will be credited to this account. It must then be seen that all receipts, whether business or private, capital or revenue, are included and all payments except those already accounted for in the total bank account. In ascertaining receipts, business takings usually present the chief difficulty. Cash sales should be stated separately from ledger receipts, and in order that no source of information regarding the receipts may

be overlooked, all memoranda of any sort should be examined, for example, counter books, order books, receipt book counterfoils and bank paying-in slip counterfoils. Some receipts that may be mentioned as likely to call for special inquiry are rents, dividends (noting whether gross, net or not taxable), capital receipts (such as proceeds of the sale of assets or fresh capital introduced) and casual receipts. As regards payments information must be sought from vouchers, cheque book counterfoils, wages book and any records of payments made out of cash takings, such as cash expenses book or separate carriage or postage books, &c. Where no wages book has been kept an examination of the national insurance cards will provide evidence both as to the amount paid in respect of contributions and also as to the staff then employed. Even paid cheques may be useful on occasion.

Particular attention must be paid to payments which are either of a capital or a private nature and to proprietor's drawings. Some traders pay the usual household accounts with cheques drawn on their business banking account and also cash cheques regularly for their house-keeping and personal expenditure, and these payments, together with any others of a private nature, will, of course, be debited to them. Others pay all such items in cash in which case it is necessary to ascertain whether the cheques cashed for that purpose are sufficient. If not, further inquiry may reveal either an undisclosed source of receipts or else that amounts have been retained out of takings prior to banking. Another indication of such underbanking is to find that after eliminating from the total drawings relatively large items of an exceptional nature (for instance, the purchase of a private motor car) the balance is insufficient to cover ordinary personal and household expenses. Although drawings from cash takings are quite common, no harm would be done if they were recorded, but unfortunately they are frequently unrecorded, and then the matter becomes one of extreme importance. If, finally, there is no information available it will be necessary to make an estimate, and in this case the accountant's personal observation will be very useful, as regards such matters, for instance, as size of family, locality of residence, standard of living generally, &c.

In one taxation case on which I was engaged I was able to justify the estimated drawings by an examination of the household bills for a period, but while it was worth the trouble in that particular case, I do not suggest that this is necessary in any but exceptional circumstances.

The balance should now represent cash in hand, including till-floats, but there may still be a difference. If so, a final excess of receipts over payments is probably unrecorded drawings, and a final excess of payments over receipts may indicate unaccounted sales. Before acting on these assumptions and passing the differences to the appropriate accounts, very careful inquiry is necessary to ensure, so far as possible, first that all receipts and payments are included and, secondly, that the amounts involved are not unreasonable in the circumstances. If the ultimate difference is substantial it may be advisable to state it separately in the accounts as, for example, "Difference on Books" or "Unidentified Receipts." Since it is possible that unidentified receipts or payments may not relate to the business it is important that all receipts and payments should be traced and included (even items that are not taxable when accounts are prepared solely for purposes of income tax). Upon this may depend the accuracy, and therefore the value, of the final accounts.

You will appreciate also that to balance this account often calls for considerable judgment and a proper appreciation of the circumstances.

When the account is finally agreed the amount of

cash in hand is brought down as a balance and the totals of the ledger receipts and payments are posted to the total debtors and total creditors accounts respectively, the other items being posted to the appropriate nominal accounts.

The total debtors and total creditors accounts will be in the usual form of control accounts—for instance, in the case of the debtors account, the opening balance and total sales are debited and cheques, cash, returns, allowances, discounts, bad debts and contra accounts are credited, the balance representing the total closing debtors. Particular attention should be paid to the vouching of the credits in the creditors account, and it is also important that the balances should be accurate. Debtors' balances should be compared with subsequent receipts and creditors' balances should be vouched with receipted statements, and if in some cases it becomes necessary to obtain copies of statements, or even to circularise the creditors generally, the request or circular should not be worded so as to cause the creditors unnecessary concern. Although creditors for expenses and capital charges should not be overlooked they may be dealt with either in this account or in their respective nominal accounts.

Where only the opening and closing balances and receipts and payments are known, but are known accurately, the differences may be inferred to be net sales or net purchases respectively, while if net sales should be known but not receipts, then the difference will be the amount of cash to be accounted for in the total cash account.

Everything having been done in total, and the golden rule of a debit for every credit having been faithfully observed, there will be no difficulty in effecting an arithmetical balance and, after ascertaining the closing stock, the trading and profit and loss accounts and balance sheet can be drafted in the usual form, after providing for depreciation, obsolescence, &c., and making all necessary reserves.

Although all these accounts may be worked on loose papers, it is often preferable to write them up in a private ledger and to post the items to the various nominal accounts, which will be closed off in the ordinary way. This has the advantage of recording the figures permanently in a manner that facilitates reference, and when a client cannot be persuaded to keep other than unorthodox records, comparison of the figures of each year with those of earlier years may be made readily. When a ledger is not written up, it is very necessary that all schedules should be properly completed, ruled off, fastened together in proper sequence, indexed, and, where necessary, cross-referenced. This should be especially impressed upon the junior members of the staff, together with the inadvisability of leaving details in pencil.

When speed is a prime factor or when the client has been persuaded to keep proper records in the future, paper workings will suffice, and it is not essential to post the accounts. Columnar paper will be used and the first two columns will contain the details of the total cash and total bank accounts respectively. The third and fourth columns will be allocated to plus adjustments and minus adjustments, for example, opening and closing debtors and creditors, accrued charges, prepayments, contra accounts, &c. These items will then be cross cast to give the debits and credits in the profit and loss account, for which the fifth and sixth columns are used. In the seventh and eighth columns should be entered such items as will appear as liabilities and assets in the balance sheet.

If the adjustments are made correctly, the difference between the fifth and sixth columns will represent the

trading profit or loss, and when this amount has been transferred to the appropriate balance sheet column the last two columns should balance and provide a summary of the closing balance sheet. For example, one line may read:—cash receipts £5,000 (column one) plus closing debtors £415, discount £50, bad debts £35, contra £45 (column three), less opening debtors £400 (column four)=sales £5,145 (column six). Closing debtors £415 will also appear in column eight. Both receipts and payments are entered in columns one and two, and each should be totalled independently and agreed with the total cash (or total bank) account before proceeding further with the summary. Although the totals of all the columns do not cross cast, an arithmetical check is obtained when, after inserting the profit or loss shown by columns five and six, the total of column seven corresponds with the total of column eight. No doubt there are variations of this method, but this particular scheme has, I think, the merit of simplicity.

All necessary reserves should be made and depreciation and obsolescence provided for. These are matters whose importance is often overlooked by the small trader, and one may be of considerable service in seeing, not only that adequate provision is made in the accounts but also that this method of costing provides for a sufficient allowance.

The draft accounts should then be reviewed as a whole; for example, the percentage of gross profit to turnover should be compared with that of similar businesses and with previous results of the same business, stock should be compared with the amount of purchases sold or consumed, debtors with sales, &c., while in some trades the average sales per unit of staff is a useful criterion.

When, as sometimes happens, it is impossible to ascertain a correct total of purchases and business expenses paid for by cash out of takings, the resulting omission from both sides of the account will not affect the amount of net profit, but only ratios or percentages. The net profit may, however, be affected if contras remain unaccounted, for instance, if a private expense has been set off against a business receipt the profit will be understated. Conversely, the profit will be overstated if a business expense has been set off against a private receipt.

As to form, the final accounts will be upon an "earnings" basis. This accords with accountancy principles and is, moreover, what is usually required by the taxation authorities, and the steps I have described achieve this result. They may, therefore, be in the usual form and fair copies in themselves may afford no indication of the unorthodox or even inefficient nature of the underlying records. I understand that in South Africa auditors to companies have to report as to whether proper books and records have been kept and in India whether the books have been kept in accordance with the law. In this country sect. 134 of the Companies Act, 1929, which deals with the auditor's report, contains no such provision, and there is no statutory requirement regarding a report to firms or individuals. It could happen, therefore, that such accounts might even be misleading in so far as they suggest an unjustified standard of accuracy. The accounts cannot give the same sense of security that follows an audit of proper records, even though the accountant can apply various checks and generally satisfy himself as to their approximate accuracy.

SOME LEGAL CONSIDERATIONS.

Before, however, considering safeguards which the accountant may adopt, let us refer to his liabilities.

Apart from statute law he will be liable under the common law for his work as a professional man. If he

is definitely auditing he is clearly subject to the law affecting auditors, but usually in the type of case I have been dealing with his work will be only of an accountancy nature. This is common knowledge among accountants, but in the recent Irish case of *Leech v. Stokes Bros. & Pim* the validity of the distinction was questioned. In the course of a judgment well worthy of perusal, Mr. Justice Hanna said:—

"An effort was made in this case to draw a legal distinction between the obligation upon an auditor and that upon an accountant. I cannot accede to that proposition. Accountants (which is a generic term of the profession) may draw a professional and conventional distinction between auditing and accountancy to the effect that in accountancy you may take things for granted and without vouching which you cannot do in an audit, and that accountancy may be a cheap and speedy job, as in this case, while auditing, whether full or partial, is not. So far as this case is concerned, the defendants cannot ride off on such a distinction, which, in my opinion, has no basis of legal principle to support it. Whatever description accountants may care to give to their work is a matter of indifference to the law."

It is, however, reassuring to observe that upon appeal to the Supreme Court the Chief Justice drew the distinction in the course of his judgment.

It is clear that in accountancy work as well as in auditing accountants are required to exercise reasonable care and skill in carrying out their instructions. In the earlier case of *The Irish Woollen Company, Limited, v. Tyson and Others*, 1900 (Acct. L.R. 13) the measure of duty was said to be the same in all cases, except that of barristers, in which professional skill is employed, and to be "the bringing of reasonable care and skill to the performance of the work directed to be done, having regard first to the contract of employment, then to the character of the business itself, to the remuneration of the defendant, and to all other circumstances of the case." The reference to remuneration is particularly interesting to accountants dealing with cases involving small fees, but it should be observed that this point is apparently of secondary significance.

In *Fox & Sons v. Morrish Grant & Co.* (1918, 35 T.L.R. 126), although the defence was that the accountants were not employed to audit but merely to prepare a balance sheet and accounts from the figures in the books, it was held that nevertheless the cash and bank balances must be verified or else the client should be told that this was not done. It appears, therefore, that even when engaged on pure accountancy work an accountant should verify the cash balances. Mr. Justice Hanna, in the judgment which I mentioned previously, also stated that even if a client did not ask for a balance sheet one should undoubtedly be prepared if its preparation was a reasonably prudent and careful step. Another interesting case was *re Westminster Road Construction and Engineering Company, Limited*, decided in 1932. In that case defendants, who were sued by the liquidator for misfeasance, acted as both accountants and auditors, a situation which is very common. They were held liable for failing to ascertain from the invoice files certain outstanding liabilities and for passing an overstated amount of work in progress, and although judgment was given against them as auditors it is clear that had the accountancy work not been at fault the case would not have arisen. While referring to companies I should like to draw your attention to two other recent cases, both involving defective book-keeping systems and defalcations. In one, *re S. P. Catterson & Sons, Limited* (1937, Acct. L.R. 62), the defence was that the instructions were only to prepare accounts for income tax purposes and that the directors

had been warned of the deficiencies of their system. Mr. Justice Bennett emphasised a point of very considerable importance to accountants when he said: "The primary responsibility for the accounts of a company is with those who are in control of the company, that is to say, the directors." Accordingly, as the accountants had warned the directors of the state of affairs, the action against the accountants failed. The other case is that of *Pendleburys Limited v. Ellis Green & Co.* (1936, Acct. L.R., 39). The accountants had reported upon the system in force to the three directors, who were also the sole debenture holders and the sole shareholders, and Mr. Justice Swift therefore distinguished this case from one where the auditor reports to a large body of shareholders. He said:—

"In the case of the company with a large body of shareholders, he has the responsibility of watching the directors in order that those outside people may be properly informed, for they rely upon him to keep watch on their behalf; but where the interests of a small company are confined to a very few persons, and there are no outside people because all the interests in the company are held by the directors themselves, if the auditor has, in fact, reported to the directors what more could he be expected to do?"

It is interesting to compare these actions for negligence, both of which were decided in favour of the accountants and in both of which responsibility for a company's accounting system was attributed to the directors, with the earlier misfeasance case concerning the *Westminster Road Construction and Engineering Company Limited*, in which, although sued jointly, the auditors were held liable, and the summons against the directors was dismissed.

Apart from these recorded cases, it is common experience that companies' accounting systems are not infrequently defective. In the *Pendleburys* case it was argued that there was no legal duty resting upon the auditors which compelled them to inform the shareholders that they were dissatisfied in cases where their criticism was directed to a company's internal machinery. What, however, is the position where there is a body of shareholders who are not directors? I am not aware that there has yet been any decision bearing directly upon the matter, but I would remind you of Counsel's Opinion taken by the Society in 1929 following the passing of the Companies Act 1929. You will remember that sect. 274 (1) enacts that where a company has failed to keep proper books of account throughout the period of two years immediately preceding the commencement of winding up, every director, manager or other officer of the company who was knowingly a party to the default is liable to imprisonment. Counsel stated "As regards sect. 274 we incline to the view that if a company do not keep proper books it is an auditor's duty to say so in his report, and if he does not say so we think he might be held to have connived at the default."

On the subject of liability to a client there has been a number and variety of legal decisions, but on the subject of liability to a third party cases appear to be few. One case a few years ago was that of *Ultramarcs Corporation v. Touche Niven & Co.*, decided in New York, but as the case was eventually settled out of court the matter was not left free from doubt.

In this country, on the other hand, we have not only the case of *Derry v. Peek*, 1889 (14 App. Cas., 337) as authority for the statement that in the absence of contract an action for negligence cannot be maintained when there is no fraud, but also the words of Lord Justice Bowen, who said:—

"The law of England does not go to the extent that a man is responsible for what he states in a certificate

to any person to whom he may have reason to suppose that the certificate may be shown. Unless he intended to deceive, the law does not, in the absence of contract, hold him responsible for drawing his certificate carelessly."

This dictum appears to protect an accountant performing only accountancy work as well as an auditor. Conscientious accountants, however, would not wish a third party to suffer by reason of accounts which they had prepared, even though they may be under no legal liability. Rather would they prefer to exceed their legal obligations, which form only a minimum standard.

It will be clear that there are various steps which an accountant may take with a view to protecting himself from liability, and the first is to exercise the requisite standard of care and skill. Secondly, it is advisable to have instructions set out clearly and in writing, but if they are given verbally the accountant should confirm them in writing immediately. When a client does not fully appreciate the effect of his instructions, and particularly where he leaves everything to the accountant's judgment, I suggest that it is also desirable, so that both parties may be of one mind, to ensure by explanations that the client does understand the nature and scope of the work undertaken. Thirdly, reports should be clear and in such terms that they can be appreciated readily by a layman. It is often assumed that responsibility attaches only for the work done if this is clearly set out, but I think that sometimes it may be equally, if not more, important to state what is not done. Let me again quote Mr. Justice Hanna:—

"The value and weight of the whole audit and of his (an auditor's) account depends upon the exact and clear wording of his certificate and, accordingly, in my opinion, it is his bounden duty to set out in it clearly, unequivocally and correctly a sufficient statement to enable anyone who reads it, auditor or layman, to estimate accurately the value and correctness of the account.

"When the auditor does, in fact, vouch and verify the account he never hesitates to state so specifically, but when he does not vouch and verify the account he seems most reluctant to say so clearly, and I have not been able to find any sufficient reason why he should not unequivocally say 'I have not verified the items in this account, but have taken them from the books of the firm which, I am informed by the proprietor, or proper officer, are correct, and I certify that the account is properly drawn in accordance therewith.' It has been suggested that such a certificate may raise queries or suspicions as to the value of the account. The answer to that is, why not, if the proprietor will not have a properly vouched account prepared?"

I think that a report should give an indication of the work done, and of the state of the records, and that normally much detail is not essential. After all, what is chiefly wanted by the reader is an independent assurance that the accounts correctly represent the position, and only if they fail to do so need much detail be given, and in this case the aim should be to enable the reader to appreciate for himself what degree of reliance may be placed upon the accounts. Naturally the weak points will be mentioned, but the good points should not be overlooked. Usually I think it well to follow the Companies Act 1929 both as regards the wording given in sect. 134, modified, of course, to indicate the work done and the records available, and as regards the requirement of sect. 129 that the report shall be attached to the balance sheet. If a separate report is made, the balance sheet should contain a reference to it.

Accounts are sometimes issued, however, bearing only the accountant's signature, others with the signature

below the words "prepared by me" and others with neither signature nor report. It is nevertheless fallacious to assume that the absence of a report or certificate carries relief from liability. In fact, as long ago as 1906 there was the case of *Smith v. Sheard* (34 Acet. L.R., 65) in which the jury found the accountant liable under a contract for a full audit in spite of an argument that the lack of a certificate implied that there had not been a complete audit. Where there has been no audit it is a good practice to obtain the client's certificate that the books submitted contain a complete record of the business transactions for the period, the accountant then certifying that the accounts have been prepared from the books without verification.

Fourthly, the accounts should be clear. In extreme cases the accounts themselves may be headed approximate or estimated, but in any case items in them which are estimated should be so described. Bases of valuation should be given and sometimes it is useful to show in detail how certain items are calculated, while notes may be advantageous also. Such methods, besides facilitating the study of the figures, help to shorten the report.

Finally, some attention should be paid to the wording of the bills of cost. A perusal of the case of *Smith v. Sheard* will, I think, convince anyone of the inadvisability of using the word "audit" in a bill when in fact the work performed is solely of an accountancy nature. It follows as a logical sequence that in the profit and loss account in such cases the words "accountancy fee" are preferable to "audit fee."

CAPITAL ACCRETION STATEMENTS.

You will remember that the third method of dealing with incomplete records was to prepare a capital accretion statement. These statements are based upon the same principles of accounting as are accounts prepared from the most elaborate records. This will be clear, I think, if we recall Lord Justice Fletcher Moulton's "fundamental definition of profits." He said:—

"If the total assets of the business at the two dates be compared, the increase which they show at the later date as compared with the earlier date (due allowance, of course, being made for any capital introduced into or taken out of the business in the meanwhile) represents in strictness the profits of the business during the period in question." (*The Spanish Prospecting Company, Limited*, 1910, 103 L.T., 611.)

Capital accretion statements are usually met with only in back duty taxation cases or when the state of the records makes it impracticable to prepare accounts for each year. The method could, however, equally be applied to one year if required. When the necessity for this means has been admitted and the period to be covered has been settled, the procedure is as follows:—

1. Prepare two statements of affairs, one at the commencement and one at the close.
2. Ascertain from them the increase in net assets.
3. Add all drawings and payments that are of a private or otherwise disallowable nature.
4. Deduct new capital, private receipts and income that is either taxed at source or not taxable.

I have already referred to the great care required in compiling a statement of affairs. There are, however, some items which call for special attention, for example, bonus shares, betting losses, profits on realisation of investments, investments whether in securities, land or jewellery, legacies, loans or mortgages, gifts, cash kept in the house, receipts under assurance policies, speculative or casual profits and net rents. If any such item is either omitted or taken into account incorrectly, the result may be affected materially. Assets should generally be

included at cost, including any brokerage, commission or legal charges, but those on which depreciation is chargeable may be included at each date at their written down values. When under the latter method the rates adopted for this purpose are identical with the income tax allowance for wear and tear, depreciation and obsolescence are charged automatically and without detailed calculations for the intervening period. This is especially useful where the state of the records makes it impracticable to trace all the assets used and replaced during a period which may extend over many years. I must again emphasise the importance of drawings, for the utility of the whole statement may depend upon the degree of accuracy with which this item is stated. The amount resulting from this calculation will be the income tax adjusted profit for the whole period, but if the figures are not required for tax purposes, it will not be necessary to adjust for disallowable, taxed or non-taxable items.

The next question is the apportionment of such profit over the individual years. It may sometimes be fair to take an average profit for each year, but this may not always be so, especially if a loss was incurred in any one year or if periods of both boom and slump are included, and apportionment must therefore be made according to circumstances and the information available. Some useful guides for this purpose are bank pass book analyses, any records of turnover and any data as to contracts carried out or the dates when surplus profit was invested. Apportionment may be very important in its effect upon the amount of tax due, by reason of the varying rates of income tax and the possibility of liability to sur-tax and national defence contribution.

Apart from taxation, I mentioned several other cases in which accounts are required, viz., for a bank, loan or other creditor, for a purchaser or in bankruptcy. It is not possible now to examine the special considerations arising in each of these cases, but if, or in so far as, they involve incomplete records these remarks will be applicable. In the case of bankruptcy, of course, the official forms require to be completed.

One should always persuade the client to improve his book-keeping system and to have proper accounts regularly prepared and audited in the future. In determining the date to which accounts will be made up the first considerations are the convenience of the trader and the effect upon taxation computations, but subject to these there is generally some freedom of choice for the accountant, who can sometimes, without loss of efficiency, choose an accounting date which will suit his own office organisation. The preparation of accounts and the settlement of liability to tax do not exhaust the services that can be rendered. It can be explained how the accounts are to be read and what lessons are to be learned from them, and there should also be pointed out any defects which may have appeared, for example, in insurance cover or costing methods. These and similar practical services are welcomed by the small trader, who often fails to appreciate that it is no part of an auditor's function to give advice and no part of his duty to correct errors.

Although cases involving incomplete records are frequently regarded as dull, there is really great variety in them, and there is no less variety in the clients themselves. Often they have little or no book-keeping knowledge, and will be glad to learn how their previous methods may be improved. The man who is the subject of a back duty case will not, perhaps, be met frequently, but when he is encountered he may be either genuinely anxious for a proper settlement of what he regards as a moral liability, or, on the other hand, eager to take

any and every possible advantage of the law, while his case may have arisen through either ignorance, carelessness, culpable negligence or evasion. Further still, one may even have to deal with deliberate taxation or other fraud, when quite possibly the lack of adequate record was intended to minimise the risk of detection. It is important, therefore, to appreciate the individual client's point of view.

Dealing with such work requires a thorough grasp of principles, ability to apply them readily and without superfluous finesse, and a sound judgment. Ingenuity and patience are required very often, and speed is commonly necessary. Moreover, the unfamiliarity of many small traders with professional methods, and the nature of the necessary personal inquiries call for considerable tact.

To my mind such work offers considerable interest, since of necessity the work is off the beaten track, and there is no little satisfaction in extracting reliable accounts from very unpromising material and in achieving a satisfactory settlement of taxation difficulties. In addition, there is the chance of rendering much practical service, and, when, dealing with a man who has come to a professional accountant for the first time, one is breaking new ground, there is the opportunity of extending appreciation of the accountancy profession itself.

The subject is particularly one for which no set programme or plan of work can be given, but I hope I have not made it appear too indefinite. I have tried rather to suggest lines on which to base work and to make some practical suggestions, and in doing so I hope I have shown that what is sometimes looked upon in the office as the "Cinderella" type of job nevertheless has some real interest.

District Society of Incorporated Accountants.

BELEAST.

The January luncheon meeting of the Belfast and District Society was held on January 10th.

A discussion on Staff Training was opened by Mr. H. McMillan, F.S.A.A., who said that the subject of staff training and staff organisation was one of those discussed at the Incorporated Accountants' Course held at Cambridge in July, 1934, when Sir Thomas Keens read a paper dealing with the question. To some extent his (Mr. McMillan's) remarks were based on Sir Thomas Keens' paper and the discussion that followed it. An accountant in practice was responsible for the acts, both of commission and omission, of his clerks. Of the claims which arise from time to time against accountants for negligence the vast majority arose through some oversight or negligence on the part of his assistants. It followed from this that the training of juniors in the work of the profession and obtaining the right type of men for positions in accountants' offices was of great importance to all practising members. The question of the best type of clerk for an accountant's office should first be considered. There was no use bringing anyone into the profession unless he possessed the qualities of diligence and painstaking care for details, combined with absolute integrity. In Belfast they had considerably more candidates sitting for the Preliminary examination in proportion to the total number of candidates than was the case in other examination centres, and he thought this suggested that in Belfast they did not obtain so many candidates who had received a secondary school training. Whether a secondary school education was an advantage to a

member of the profession was a debatable point, and certainly experience proved that the absence of this type of education was not a bar to reaching the highest ranks in the profession locally. Despite this, he thought that, other things being equal, the secondary school candidates possessed an advantage over those coming from an elementary school, in their ability to mix better with the clients. From this point of view, and from this one only, he thought that the system of recruiting solely from articled clerks was an advantage. Against this, many prominent and able Incorporated Accountants would never have been in the profession if articles had been compulsory for members of the Society. As practical training differed considerably in the various offices, he did not think it possible to lay down any hard and fast rules. He thought that in the small offices the juniors obtained a better all-round experience, but it frequently happened that in a small office the clerks had little experience of income tax or executorship practice, as these matters were dealt with mainly by the principals. Sir Thomas Keens had advocated the group system for audit work. Mr. McMillan said that in his opinion, too strict adherence to timekeeping and regularity might defeat its own purpose. He felt it was better to trust to the honour of the clerks, and as long as they did not abuse the trust placed in them he thought that better results were obtained than by insisting on the clerks coming in exactly at nine o'clock and only taking the exact lunch period. Personally, he felt that it was not fair to any employee in any kind of business to insist that the employee should start work on the stroke of nine o'clock and at the same time expect him to work overtime for half-an-hour or more in order to complete some particular work. In conclusion, Mr. McMillan referred to the possibility of exchanging articled clerks, so that they could obtain wider experience.

In the discussion that followed Mr. James Baird, F.S.A.A., expressed the opinion that a painstaking care for details was not the most important quality to be desired in a candidate for the profession. He thought that a man with an active and intelligent brain would progress much more rapidly in the ranks of the profession, although he agreed that from the point of view of the employer, the boy possessing the first qualities might make a more efficient clerk.

Mr. F. Allen, F.S.A.A., said that he had found from experience that it was not necessary that a boy should be educated at a secondary school in order to be a good mixer. He suggested the desirability of having classes for articled clerks, where they could obtain some knowledge of the practical work of the profession apart from theoretical training which was received for examination purposes.

Mr. W. Dunn, A.S.A.A., thought that the group system was of very great importance, and should be employed in all cases where it was possible to utilise it. He thought that the junior clerk should be given more opportunities to carry out audit work to its final stages, and that this was one of the best methods of training for the profession.

Mr. H. F. Bell, A.S.A.A., suggested that, while the interchange of articled clerks between different offices might not always be feasible, it would be of considerable value to the junior clerks if, instead of always working under the same senior assistant they could be changed from time to time so that they would have the advantage of working under different senior assistants, and thus obtain a wider experience of the different ways of carrying out various classes of accountancy work.

The Chairman (Mr. J. S. White, F.S.A.A.) summed up the points brought forward by the various speakers.

PUBLIC AUDITORS.

Under the Friendly and Industrial and Provident Societies Acts.

The Lords Commissioners of His Majesty's Treasury have appointed the following Incorporated Accountants as Public Auditors for Great Britain for the year ending December 31st, 1938, under the provisions of the Friendly Societies Act, 1896, and the Industrial and Provident Societies Act, 1893, viz.:—

- Acock, R. G., 69, London Street, Norwich; Wayland Hall, Watton.
 Alban, F. J., C.B.E., Barclays Bank Chambers, Newport, Mon.
 Alexander, J. H., City Chambers, East Parade, Leeds, 1; High Street, Blackwood; 15, Commercial Street, Pontypool.
 Allen, H. J., 37, Surrey Street, Sheffield, 1.
 Amsdon, E. V., 103, Cannon Street, E.C.4; 18, High Street, Beckenham.
 Anderson, L. A., 137, High Street, Brentwood.
 Andrews, E., 12, Abbey Square, Chester.
 Antoine, B. W., 1, Central Buildings, Ealing Broadway, W.5.
 Armson, G. A., Bank House, 95, High Street, Lewisham, S.E.13.
 Armstrong, J., 22, Station Road, Workington.
 Arnold, C., 21, Bodfor Street, Rhyl; 22, Vale Street, Denbigh; 29, Church Street, Flint.
 Arnold, F. V., Midland Bank Chambers, 153, North Street, Brighton; Midland Bank Chambers, 6, West Street, Horsham; Flint House, 44, South Street, Chichester; Bank House, Steyning.
 Ashworth, W., 22, Nicholas Street, Burnley.
 Atkins, J. R., 76, Derby Street, Macclesfield; Union Bank Buildings, High Street, Congleton.
 Attiwell, R. J. T., 48-50, Exchange Buildings, Stephenson Place, Birmingham, 2.
 Bailey, H., 55, Brown Street, Manchester, 2.
 Baines, J. V., Curry's Chambers, 115, High Street, Stockton-on-Tees.
 Baker, W. B., 1, Silver Street, Berwick-on-Tweed.
 Ball, G., Market Place, Ossett.
 Bardell, A. P., 36, Paradise Street, Birmingham, 1.
 Barker, A. E. S., First Floor, 29, Church Street, West Hartlepool.
 Barlow, S., 111, Corporation Street, Manchester, 4.
 Barrowcliff, C. P., 55 and 57, Albert Road, Middlesbrough.
 Bartfield, I., 91, Cookridge Street, Leeds, 2.
 Bartlett, R. Wilson, 24, Bridge Street, Newport, Mon.
 Baxter, C. F., National Provincial Chambers, High Street, Kettering.
 Bayliss, L. M., Gartlet House, Leighton Buzzard; Market Square, Buckingham; 45, South Street, Chichester; 1A, London Road, Bognor Regis; 28A, Broadway, Littlehampton.
 Bayliss, W. M., 16, Broad Street, Oxford.
 Beer, W. W., 17, Bedford Circus, Exeter; Stevenson House, The Parade, Exmouth.
 Benbow, L., Dergate House, 45, Dergate, Northampton.
 Benjafield, A. J., 28, Chamberlain Street, Wells, Somerset; 27, High Street, Glastonbury.
 Bennett, C. H., High Holborn House, High Holborn, W.C.1; 49, Cranbrook Road, Ilford.
 Bennett, D. H., 111A, High Street, Dovercourt.
 Bicker, H. J., Hinton Buildings, Hinton Road, Bourne-mouth.
 Binns, J., Exchange Buildings, Mirfield.
 Black, W. C., St. Thomas' Chambers, 147, High Street, Newport, I.O.W.; 57, High Street, Ventnor, I.O.W.
 Blythen, S., O.B.E., Victoria Chambers, Long Eaton.
 Bolton, J. B., 42, Athol Street, Douglas, Isle of Man.
 Bowen, G. B., 13, Northampton Place, Swansea.

- Braddy, C. W., Westminster Bank Chambers, 91, High Street, Winchester.
- Bradley, E. R., 584, Christchurch Road, Boscombe, Bournemouth.
- Branson, R. M., Allen House, Newarke Street, Leicester.
- Broadbent, J. W., 34, Kensington Road, Oldham.
- Brodie, J. Paterson, Moor House, Moorland Road, Burslem; Albert Square, Biddulph.
- Brodie, R. M., 29, Scale Lane, Hull.
- Brown, E. T., Gresham Chambers, Lichfield Street, Wolverhampton; Barclays Bank Chambers, Bilston.
- Bryant, A. C., 236, Stapleton Road, Bristol, 5.
- Buckle, C. D., 13, Cheapside, Bradford.
- Buckley, A. N., Union Chambers, 45 and 47, Commercial Street, Halifax.
- Bull, E., Bank Chambers, Devizes.
- Bullock, W., "Ansell," Longford Road, Gloucester.
- Burgess, G. W., 14, St. Mary Axe, Leadenhall Street, E.C.3.
- Bush, B., 18, Eldon Square, Newcastle-upon-Tyne, 1.
- Butler, J., 66, Albion Street, Leeds, 1.
- Campbell, D. E., 79, Lichfield Street, Wolverhampton.
- Carr, E. R., 33, Bowling Green Street, Leicester.
- Carter, E., County Chambers, King Street, Wakefield.
- Cattell, W. C., Bank Chambers, High Street, Kettering.
- Cessford, J. C., 23, Albany Street, Edinburgh.
- Chadwick, A., 16, Bolton Street, Bury; 8, Garden Street, Ramsbottom.
- Chapman, J. A., 29, London Street, Fleetwood; 2, Burton Street, Middleton, Lancs.
- Charles, W. H., 3, Greenfield Villas, Llanelly.
- Chater, T. F., Argus Chambers, High Street, Rushden.
- Claridge, C. E., 16, Leeds Road, Bradford.
- Clark, W., 29, Bradshawgate, Leigh, Lancs.
- Clarke, F. N., 4, Pavilion Buildings, Brighton, 1; Town Hall Chambers, Horsham.
- Clarke, S. W., District Bank Buildings, 66, Church Street, Lancaster.
- Clarkson, P. D. J., 14, Winckley Square, Preston.
- Clayton, W. Milton Chambers, Milton Street, Nottingham.
- Clemence, S., Crown Chambers, 36, Yorkshire Street, Rochdale.
- Clinch, S. H., M.B.E., 52, Bedford Row, W.C.1; Hurdis House, Broad Street, Seaford.
- Coates, F. W., 10, Albert Road, Middlesbrough; 5, The Crescent, Redcar.
- Compton, C. G., Queen's Chambers, Bargate, Boston, Lincs.
- Condie, J., 3, East Port, Dunfermline; 1A, Candleriggs, Alloa.
- Coombs, Tom, Oxford Chambers, Victoria Square, Leeds, 1.
- Coope, F. W., Clifton Chambers, 23A, Clifton Street, Blackpool.
- Cooper, D., Old Colony House, South King Street, Manchester, 2.
- Corbin, F. E., 9, King's Bench Walk, Temple, E.C.4.
- Couzens, J. V., 3, Victoria Crescent, Bradford Road Junction, Portsmouth.
- Cox, H. J., Cardiff Chambers, 4, Cardiff Road, Luton; 2, Vaughan Road, Harpenden.
- Cozens, L. J., 8, East Stockwell Street, Colchester.
- Crawford, Col. E. W., C.B.E., D.S.O., St. Stephens House, 2, Coleman Street, E.C.2.
- Crick, Miss F. G., 31, Priestgate, Peterborough; 22, Station Street, Spalding.
- Crowe, S. E., Midland Bank Chambers, Otley.
- Crowther, E., 10, Regent Street, Barnsley.
- Cryer, M. P., Old Bank Chambers, Keighley.
- Daffern, T. W., O.B.E., 19-20, High Street, Coventry; 16, The Parade, Solihull.
- Daniels, A., Bank Chambers, 57, Palmerston Road, Southsea, Hants.
- Davey, F., O.B.E., Winscombe, 8, Manor Road, Cheam.
- Davey, H., 1, Crown Court, Wakefield.
- Davies, J., Egerton House, Egerton Street, Wrexham.
- Davies, O. W., Market Chambers, High Street, Kidderminster.
- Davies, Trevor, 160, High Street, Camden Town, N.W.1.
- Davies, Tudor, Wyndham House, Bridgend; Elias Road, Porthcawl.
- Davis, B. T., Lombard House, Gt. Charles Street, Birmingham, 3.
- Davis, R., 28, High Street, Swindon.
- Dix, W. B., The Booth Hall, Evesham; High Street, Pershore.
- Dixon, F., National Chambers, 4, Horsefair Street, Leicester.
- Downs, N. T., Midland Bank Chambers, Westgate, Grantham.
- Draper, J., Loyds Bank Chambers, Hustlergate, Bradford.
- Dudbridge, J. S., 8, Lansdown, Stroud.
- Dudbridge, S., 8, Lansdown, Stroud.
- Duncan, D. C. N., Barclays Bank Chambers, 55, High Street, Grantham.
- Dunlop, R. T., 45, Renfield Street, Glasgow, C.2.
- Dyer, S. A., 5, Fenwick Street, Liverpool, 2.
- Eaves, W., 47, Mosley Street, Manchester, 2; County Bank Chambers, Chapel Street, Tyldesley.
- Ednie, A., 7, St. Paul's Square, Bedford.
- Edwards, A. H., 22, High East Street, Dorchester.
- Edwards, C. E., Bank Buildings, Aberdare.
- Edwards, H., Cornhill Chambers, Christina Street, Swansea.
- Edwards, R. H., Bank Chambers, 26, Mosley Street, Newcastle-upon-Tyne, 1.
- Elliott, E. A., 11, Hornby Street, Heywood.
- Emmans, R. J. F., 74, Broad Street, Teddington.
- Entwisle, B., 8, Green Street, Radcliffe, Manchester.
- Evans, H. R., 17, George Street, St. Helens, Lancs.
- Fearnhead, J., 20 & 22, High Street, Chorley, Lancs.
- Feist, H. J. B., 44, Rectory Grove, Leigh-on-Sea.
- Ferneyhough, M. P., 6, Commerce Street, Longton, Staffs.; 23, Market Street, Hednesford.
- Ferry, G. A., Prudential Chambers, 6-8, Bank Street, Carlisle; 59, Bondgate Within, Alnwick; 5, North Gate, Morpeth.
- Fletcher, H. R., Regent Chambers, 40, Market Place, Leicester.
- Ford, W. J., Scottish Widow's Fund Buildings, 28, Baldwin Street, Bristol, 1.
- Forrest, L., National Provincial Bank Chambers, Batley.
- Forster, H., County Chambers, 6, Chestergate, Macclesfield.
- Fortune, G. W., 26, Forrest Road, Edinburgh.
- Foster, S. E., 29, Bank Street, Ashford, Kent.
- Fox, F. W., 14, King Street, Leicester.
- Francis, S. L., Creechurch Chambers, 9, De la Beche Street, Swansea.
- Freeborough, J. H., 25, Figtree Lane, Sheffield.
- Friend, A. H., 15, Alexandra Place, Newbridge, Mon.
- Fry, F. W., 27, Clement's Lane, Lombard Street, E.C.4.
- Gair, R., Emerson Chambers, Blackett Street, Newcastle-upon-Tyne, 1.
- Gait, A., 1, The Foundry Bridge, Abertillery.
- Gardiner, G. F. H., Barclays Bank Chambers, Scarborough.
- Gardiner, H., 1A, Low Ousegate, York.
- Gardiner, H. T. G., Gore House, Cawley Road, E.9.
- Garner, R., Crown Buildings, 4, Loseby Lane, Leicester.
- Gerrard, R., 71 and 73, Lee Lane, Horwich.
- Gibson, J. W., Co-operative Chambers, Prince Street, Bristol, 1.
- Girling, A. F. J., Eldon Buildings, 20, Eldon Street, Barnsley.
- Goulding, E. S., O.B.E., 19, Sweeting Street, Liverpool, 2.
- Gowen, H. P., 7, Queen Street, Norwich; The Square, Fakenham; Bank Chambers, Norwich Street, Dereham.
- Grassam, J., 32, Alliance Avenue, Anlaby Road, Hull.
- Griffin, C. E. B., Corporation Buildings, Corporation Street, St. Helens, Lancs.
- Griffin, G. R., Daimler House, 33, Paradise Street, Birmingham, 1.
- Griffith, F., Westmorland Chambers, Kendal.
- Griffith, R. O., 44, Cannon Street, Preston; 14, Station Road, Kirkham.
- Groves, T. J., M.C., 14, Scarborough Street, West Hartlepool.

- Hackett, P. R., Prudential Buildings, St. Philip's Place, Birmingham, 2.
- Hakim, G. J., Western Chambers, Station Approach, Hayes, Middx.; 42, Station Road, West Drayton.
- Hall, B., 50, High Street, Shepton Mallet.
- Hall, F., 9, Oxford Row, Park Lane, Leeds, 1.
- Hallett, A., Eleven, Hill Street, Wrexham.
- Hanson, F. W., Court Chambers, Jessop Street, Castleford; Chapel Lane, Kippax.
- Hargreaves, F., Bow Chambers, 55, Cross Street, Manchester, 2.
- Harper, C. E., 3-4, Clements Inn, W.C.2.
- Harris, A. C., 104, Great Russell Street, W.C.1.
- Harris, H., 4, Middle Pavement, Nottingham.
- Harrison, C. D., Messrs. John Potter & Harrison, 22, Birley Street, Blackpool.
- Hart, N. B., Barclays Bank Chambers, 81, High Street, Scunthorpe; 13, Market Place, Brigg.
- Hayden, G. D., High Street, Holt, Norfolk.
- Hayes, P. R., Midland Bank Chambers, High Street, Wrexham; Compton House, Corwen.
- Hayhow, G. S., Purdy's Court, 84A, High Street, King's Lynn.
- Hayward, T., 1, Piccadilly, Bradford.
- Heatley, N. K., Temple Chambers, 33, Brazenose Street, Manchester, 2.
- Henderson, A., 62, Cross Street, Fraserburgh.
- Henshall, J., 29, Eastgate Row North, Chester.
- Hepburn, A. E., Abford House, Wilton Road, S.W.1.
- Hill, A. H., 8, Oxford Chambers, 12, St. Stephen Street, Bristol, 1.
- Hirst, G. L., 8, Bond Street, Dewsbury.
- Hobbs, A. M., 64, Great Portland Street, W.1.
- Hodge, H., National Provincial Chambers, High Street, Kettering.
- Hodgson, T., Clarence Chambers, 4, Piccadilly, Manchester, 1.
- Holliday, C. A., Dominion Buildings, 2, South Place, Moorgate, E.C.2.
- Hollows, R., Leader's Buildings, 33A, King Street, Wigan.
- Holman, W. J., Bilbao House, 36, New Broad Street, E.C.2.
- Holmes, H., 45, Ropergate End, Pontefract.
- Holmes, J. T. L., Midland Bank Chambers, Colwyn Bay.
- Home, H. R., 29, Church Street, Ripley, Derbyshire.
- Horrocks, H., 5 Derwen Road, Bridgend, Glam.
- Horsfield, A., Belgrave Place, 8, Manchester Road, Bury.
- Horsfield, H. A., Clough's Buildings, 21, Forster Square, Bradford.
- Hort, J. H., 202, Stanley Road, Bootle, Liverpool, 20.
- Hubbard, F. L., 41, Havelock Road, Hastings.
- Hudson, T., 16, Leeds Road, Bradford.
- Hustwick, W., 70, Kirkgate, Bradford.
- Ingram, A. J., Central Buildings, West Sunniside, Sunderland.
- Jackson, G. H., 42, High Street, Sutton, Surrey.
- Jenkins, W. R. L., 71, Bridge Street, Newport, Mon.
- Jennings, F., Old County Court Offices, 12, Church Place, Neath.
- Jessap, C. T., M.B.E., Old Post Office Chambers, Skegness; Market Street, Spilsby; 8, Banks Street, Horncastle; New Street, Louth, Lincs.
- Johnson, A. J., 35, Southgate Street, Winchester.
- Johnson, E. W., Wallgate Chambers, Wigan.
- Johnson, H. O., 3, Wood Street, Queen Square, Bath.
- Johnson, S., 5, Lower Temple Street, Birmingham.
- Johnstone, W., 13, Church Street, Kidderminster.
- Jones, A. H., 14, Market Street, Caernarvon.
- Jones, E. Furnival, 17, St. Helen's Place, Bishopsgate, E.C.3.
- Jones, H. B., Kingsway Chambers, King Street, Maidenhead.
- Judge, W. A., High Street, Skipton.
- Keens, A. T., 45, High Street, Aylesbury.
- Keens, Sir Thomas, 11, George Street West, Luton; 19, College Road, Harrow-on-the-Hill; 69, High Street, Stony Stratford; 60, High Street, Newport Pagnell; 4, Tilehouse Street, Hitchin.
- Kenyon, F. T., Midland Bank Chambers, Penrith; Bank Chambers, Main Street, Keswick, Cumb.
- Keys, C. G., Union Chambers, 63, Temple Row, Birmingham, 2; 321, High Street, West Bromwich.
- Kilby, F. L., Hutcheson Chambers, Brighouse.
- King, G. C., 106, Edmund Street, Birmingham.
- Kirby, N. F., 54, Station Road, Sudbury, Suffolk.
- Kneale, H. E., St. George's Chambers, 1, Athol Street, Douglas, Isle of Man; Victoria Chambers, Parliament Street, Ramsey, Isle of Man.
- Lake, J., 17, Northampton Place, Swansea.
- Lambert, W. E., 297, High Street North, East Ham, E.12.
- Larder, C., Camomile Street Chambers, Bishopsgate, E.C.3.
- Larking, C. G., Invieta Chambers, Pudding Lane, Maidstone.
- Larking, R. C., Orford Place, Norwich.
- Lashmore, C. S., 2, Church Street, Cardiff.
- Law, E. L. A. and E. Law & Co., Kingscourt, Bridge Street, Walsall.
- Lawrence, S., National Provincial Chambers, 33, Park Street, Walsall.
- Lawson, G. R., Cheapside Chambers, 23-25, Cheapside, Bradford.
- Laycock, S., Barclays Bank Chambers, North Street, Keighley.
- Lazenby, H., Wilson's Chambers, 7, Greek Street, Leeds, 1.
- Leah, H. B., 9, Warren Street, Stockport.
- Lee, F., 7, Balmoral Chambers, Cloth Hall Street, Huddersfield.
- Leech, W. L., 102, Friar Gate, Derby; High Street, Uttoxeter.
- Lentell, C. I., Kingsway, Fore Street, Seaton, Devon.
- Ling, W. A. J., 3-4, Great Winchester Street, E.C.2.
- Liversidge, H. G., Imperial Buildings, Rotherham.
- Lloyd, J. T., 3, Fore Street, Trowbridge.
- Lloyd, W., Priory Buildings, Priory Street, Dudley, Wores.
- Lloyd-Roberts, J., The Public Audit Offices, 2, Church Street, Caernarvon; "Cemlyn," Harlech.
- Lock, F. J., Northbank House, Clarendon Road, Watford.
- Lomax, H., 83, Bridge Street, Manchester, 3.
- Loveridge, A., 40, Houghton Street, Southport.
- Lowe, J. T., Yorkshire Penny Bank Chambers, 7, Stricklandgate, Kendal.
- McCutcheon, R. T., 113, St. Vincent Street, Glasgow, C.2.
- McDonald, T. W., 98, Palmerston Road, Wood Green, N.22.
- Maemenemey, R., 49, Bath Street, Glasgow, C.2.
- McMurray, J. C., National Bank Buildings, Kilmarnock.
- Mair, A. J., 5, Frederick Street, Sunderland.
- Marshall, R. N., 109A, Mortimer Street, Herne Bay; Town Hall Chambers, Westgate-on-Sea; 83, High Street, Broadstairs; 1, Albion Road, Birchington.
- Mason, E. H., 9, Clarence Street, Cheltenham.
- Mawson, J. D., 51, Boileau Road, Ealing, W.5.
- Mayhew, W. O., 62, Oxford Street, W.1.
- Merchant, H. A., 48, Uxbridge Road, Ealing, W.5; 75, High Street, Slough.
- Milford, C. A., Market Place, Settle.
- Millman, H. T., Allen House, Newark Street, Leicester.
- Mills, F. W. T., 6, Priory Place, Doncaster; 167, High Street, Scunthorpe; 24-26, Wood Street, Wakefield.
- Milne, R., 68, Bath Street, Glasgow, C.2.
- Miskin, A., Portland Chambers, 6, Portland Street, Southampton.
- Moger, J. R., Martin's Bank Chambers, Cleckheaton.
- Moore, C. S., 15, Bedford Circus, Exeter.
- Morgan, D. R., 51-52, Broad Street, Newtown, Mont.
- Morgan, E. C., Crown Chambers, 18, Market Street, Newtown, Mont.
- Moss, J., 28, Queen Street, Albert Square, Manchester, 2.
- Moulton, P. A., 21, Regent Street, Barnsley.
- Moustardier, M., 69, Downs Road, Clapton, E.5.
- Mullens, G. G., 49, Station Road, Port Talbot.
- Naylor, R. O., 19, Albert Road, Morecambe; The School House, Tebay.
- Neill, A., Westminster Bank Chambers, 196 and 198, High Street, Stoke Newington, N.16.
- Nelson, C. Hewetson, 43, Castle Street, Liverpool.

- Nicholson, J., 185, High Street, Lincoln ; Market Place, Market Rasen.
- Nicholson, J. S., Yorkshire Penny Bank Chambers, 70, Otley Road, Shipley, Yorks.
- Norfolk, W. J., Mayfield Chambers, 93, Station Road, Clacton-on-Sea.
- Oates, G. G., 4 and 5, Oriental Chambers, Doncaster.
- Oldfield, J. W., "Baloeran," Caldene Avenue, Mytholmroyd.
- Oldfield, W., Lloyds Bank Buildings, 43, Gallowtree Gate, Leicester.
- Oldman, A. S., 27, North Albert Street, Fleetwood.
- Oxley, H., 22, Regent Street, Barnsley.
- Page, J. C., May Buildings, 51, North John Street, Liverpool.
- Pallot, W. J., 1, Charlesville Place, Neath ; 1, Hamilton Crescent, Milford Haven.
- Palmer, A. J., Portland Chambers, West Street, Fareham.
- Palmer, E. H., General Buildings, Bridlesmith Gate, Nottingham.
- Paterson, James, 13, Hamilton Street, Greenock ; 18, Castle Street, Rothesay.
- Payne, C. C., 12, Upper King Street, Norwich ; 6, Market Place, North Walsham ; Red Lion Street, Aylsham.
- Payne, W. G., 3, Abchurch Yard, Cannon Street, E.C.4.
- Pearce, E. E., 20, Windsor Place, Cardiff.
- Pearce, M. E. J., 102, High Street, Poole.
- Pearson, W., 5, Godwin Street, Bradford.
- Pearson-Griffiths, J., Merthyr House, James Street, Cardiff.
- Pellatt, A. P., 26, Cheriton Place, Folkestone ; 132, High Street, Hythe, Kent.
- Petrie, J. McR., Martins Bank Buildings, Bacup.
- Pettitt, S. R., Lloyds Bank Chambers, 45-47, Old Christchurch Road, Bournemouth.
- Plant, R. A., Midland Bank Chambers, Newdegate Street, Nuneaton.
- Platts, T. H., 126, Colmore Row, Birmingham, 3.
- Pocock, B. G., 90, Leith Mansions, Maida Vale, W.9.
- Potts, N., Union Bank Chambers, Market Street, Stalybridge.
- Pratt, A. J. S., 102, Victoria Road North, Portsmouth.
- Pratt, H. W., 60B, Oxford Street, Wellingborough.
- Prior, F. A., General Buildings, Bridlesmith Gate, Nottingham.
- Procter, S., County Bank Chambers, 41, Burnley Road, Padiham.
- Pugh, A. E., 19, Carlton Chambers, High Street, Newport, Mon.
- Pulsford, E. G., 233, High Street, Poole.
- Revell, H. W., 7, St. George's Square, Huddersfield.
- Reynolds, J. W., 49, Bank Street, Bradford.
- Rhodes, J., 31, Manor Row, Bradford.
- Rhodes, W. H., Prudential Chambers, 10, Grey Friars, Leicester.
- Riches, E. J., 12, Bank Street, Norwich ; Hamilton House, Church Street, Cromer.
- Riddington, C. R., Crown Buildings, Loseby Lane, Leicester.
- Ridsdale, J. S., Midland Bank Chambers, Bridge Street, Walsall.
- Ritchie, P. G., 49, Bath Street, Glasgow, C.2.
- Rodger, T., Percy Chambers, 34, Grainger Street, Newcastle-upon-Tyne, 1.
- Rogerson, C. E., York House, 12, York Street, Manchester, 2.
- Rollinson, C. E., Westgate Chambers, Newport, Mon.
- Ross, G., 31, Queen Street, Cardiff.
- Rowland, F. S., 117, Pilgrim Street, Newcastle-upon-Tyne.
- Ruscoe, B., The Old Mansion, St. Mary's Street, Shrewsbury ; Savings Bank Buildings, Old Street, Ludlow ; 31, High Street, Iron Bridge.
- Russell, P. W. G., 1, St. Martin's, Leicester.
- Russell, W. G. A., 33, Newhall Street, Birmingham, 3.
- Ryland, H. C., 18, Defoe Avenue, Kew Gardens.
- Saxton, C. C., Marygold House, Carfax, Oxford.
- Scarlett, C. S., 5, Cecil Square, Margate ; 36, High Street, Ramsgate.
- Schofield, A., 16 and 17, East Parade, Leeds, 1.
- Scott, W. A., 5, Coates Crescent, Edinburgh, 3.
- Scotter, S., Ferres Chambers, 22, Whitefriargate, Hull.
- Sheard, E., 5-6, Kirkgate Buildings, Huddersfield.
- Shepherd, J. W., C.B.E., 78, King Street, Manchester, 2.
- Shepherd, W. A., Central Buildings, Tredegar Street, Risca.
- Sievwright, W. B., 3, Kinnoull Street, Perth.
- Simmonds, H. J., 7, Tremadoc Road, Clapham, S.W.4.
- Sinclair, G. N., Prudential Chambers, Bailey Street, Oswestry.
- Singleton, J. T., Grosvenor Chambers, 23, King Street, Nottingham.
- Slater, J. T., 11, Queen Street, Oldham.
- Sleeman, A. W. L., 10, Northampton Place, Swansea.
- Slipper, R. A., Bridgeway House, Hammersmith Bridge Road, W.6 ; 223, High Street, Hounslow.
- Sly, T. W., 6, Berkley Crescent, Gravesend ; Bennett Chambers, 113, Hoe Street, Walthamstow, E.17.
- Smith, H., British Dominions House, 30, Cross Street, Manchester, 2.
- Smith, W., 123, London Road, N., Lowestoft.
- Snow, W. Keller, 55, Quarry Street, Guildford ; 17, London Road, Horsham.
- Soddy, R. J., 55, Gildredge Road, Eastbourne.
- Sparrow, G. W., Prudential Chambers, Grey Friars, Leicester.
- Spicer, R. C., 5, Bank Plain, Norwich.
- Stables, H. C., Dale Road, Matlock.
- Stacey, W. H., 2A, Whiting Street, Bury St. Edmunds ; 1A, Lynn Road, Ely, Cambs.
- Starkie, R. E., Greek Street Chambers, Leeds, 1.
- Stembridge, P. G., Town Hall, Droitwich Spa.
- Stephens, C. T., 20, Westgate Chambers, Newport, Mon.
- Stephenson, Joseph, O.B.E., Queen Street Chambers, Peterborough ; 3B, Market Place, Spalding ; 22, Castlegate, Newark ; The Broadway, St. Ives, Hunts ; 5, Red Lion Square, Stamford ; 1, Grays Lane, March ; 30, High Street, Huntingdon ; Park Street, Chatteris ; Foresters Hall, Long Sutton, Lincs. ; 93, High Street, Ramsey, Hunts.
- Stewart, L. E., 22, Marefair, Northampton.
- Storey, R. G., 8, Oxford Chambers, 12, St. Stephen Street, Bristol, 1.
- Sturges, H. H., 1, Guildhall Chambers, 31-34, Basinghall Street, E.C.2.
- Sunderland, W., Craven Bank Chambers, North Street, Keighley.
- Tamplin, J., 15, High Street, Newport, Mon.
- Tessier, A. N., 279, Borough High Street, S.E.1.
- Thomas, D. B., Post Office Chambers, Merthyr Tydfil.
- Thompson, J. W., 28, Devonshire Street, Keighley.
- Thomson, J., The Crescent, 115, Drake Street, Rochdale.
- Thomson, R. C., Meadow House, 64, Reform Street, Dundee.
- Thorner, T., 82, Leman Street, E.1.
- Thornley, J. C., Central Chambers, 1, Norfolk Street, King's Lynn ; Westgate, Hunstanton.
- Towers, A. C., 15, Guildhall Road, Northampton.
- Tucker, F., 22A, Queen Street, Exeter.
- Tucker, J. H., 82, Leman Street, E.1.
- Tunbridge, S. T., 6, South Quay, Great Yarmouth.
- Tyler, G. H., Central House, 75, New Street, Birmingham.
- Vizard, L. N., 2, Clarence Parade, Cheltenham.
- Walker, G. H., 37, Southgate, Halifax.
- Walker, Percy H., 4, Park Place, Cardiff.
- Walker, R. B., 1, Richmond Terrace, Blackburn.
- Walker, W., 36, Park Square, Leeds, 1.
- Wallace, W. D., 48, Loughborough Road, Kirkcaldy.
- Wallis, S. I., 3, King John's Chambers, Bridlesmith Gate, Nottingham.
- Walters, W. L. J., Masonic Chambers, Gillingham, Dorset ; Market Square, Sturminster Newton.
- Walters, W. T., Middle Street, Yeovil.
- Walton, A., Legal and General Building, 7, South Parade, Leeds, 1.
- Walton, N. H., Midland Bank Chambers, St. Thomas Street, Sunderland.

- Ward, A., Martins Bank Chambers, 25, Sunbridge Road, Bradford.
- Wareing, J., 11, Chapel Street, Preston.
- Warrington, W. H., Overbury, Tewkesbury.
- Warren, R., 3, Victoria Place, Haverfordwest; Star Building, Guildhall Square, Cardigan.
- Watson, A., County Buildings, 4, Cannon Street, Manchester, 3.
- Watson, O. A., 10, Peacock Lane, Leicester.
- Watts, Miss E., 13-14, Dartmouth Street, S.W.1.
- Waud, N., York House, 6, Coney Street, York.
- Webb, E., 34, Grand Parade, Brighton, 7.
- Wells, C. H., Independent Buildings, 21, Fargate, Sheffield.
- West, H. W., Bank House, 618, Romford Road, Manor Park, E.12.
- White, A. M., 89, Pilgrim Street, Newcastle-upon-Tyne, 1.
- White, E. G. Bank Chambers, Llammas Street, Carmarthen.
- White, J. C., 172, Buckingham Palace Road, S.W.1.
- White, P., M.B.E., 6, Sussex Terrace, Princess Square, Plymouth.
- Whiting, W. F., Bridge Buildings, Nene Quay, Wisbech; Market Place, March; Church Passage, High Street, Mildenhall, Suffolk; High Street, Ramsey, Hunts.
- Williams, E. Clarke, 65, Oxford Street, Whitstable.
- Williams, E. J., Exchange Buildings, 14, Lowther Street, Carlisle.
- Williams, G. R., 19, Windsor Place, Cardiff.
- Williams, T. E., Marldon Chambers, 30, North John Street, Liverpool, 2.
- Williamson, J. H., Booth Street Chambers, Ashton-under-Lyne.
- Wilson, F. O., British Dominions House, 30, Cross Street, Manchester.
- Wilson, S., Halifax Permanent Chambers, Cavendish Street, Keighley.
- Windle, R. S., Midland Bank Chambers, Barnoldswick.
- Witty, Richard A., 7, Union Court, Old Broad Street, E.C.2.
- Wolstenholme, E. J. Crown Chambers, 36, Yorkshire Street, Rochdale.
- Wood, H., 179, Dock Street, Newport, Mon.
- Woolley, Fred, 8 and 10, Portland Terrace, Southampton.
- Yates, J., 11, Mill Street, Warrington.
- Yearsley, A., 27, Brazennose Street, Manchester, 2.

Scottish Notes.

[FROM OUR CORRESPONDENT.]

Glasgow Students' Society.

The first of a series of tutorial lectures on examination accountancy subjects was given on 12th ult., in the Constitutional Club, Glasgow, by Mr. Fred. D. Greenhill, C.A. Mr. W. Davidson Hall, President of the Students' Society, occupied the chair, and was supported by Mr. James Paterson, Secretary of the Scottish Branch; Mr. J. Hawthorne Paterson, Hon. Secretary of the Students' Society; and Mr. John Aitchison.

In opening the proceedings the Chairman said he was very pleased to see such a large attendance of students. It was very gratifying to the Students' Committee and to the lecturers to see that the attendances had not only kept up well, but, as on the present occasion, completely filled the available accommodation. The success of the majority of the Scottish candidates at the last Final examination was very satisfactory, and he hoped that both Intermediate and Final candidates would find the

year 1938 a very happy one for them so far as the examinations were concerned. In introducing Mr. Greenhill, the Chairman referred to the lectures given by that gentleman last session as having been much appreciated.

Mr. Greenhill chose as his subject for the evening, "Executry and Trust Accounts, with special reference to the preparation of Accounts of Charge and Discharge." After a general survey of various methods of preparing Executry and Trust Accounts he entered into a detailed examination of the long-established Scottish form known as "Accounts of Charge and Discharge." At the close a considerable number of questions were asked by students and answered by the lecturer, who said he was greatly pleased at so many of the students taking part in the meeting.

The meeting closed with a vote of thanks to the Lecturer and Chairman, proposed by Mr. James Paterson.

Scottish Thrift.

The reports of the majority of Scottish Trustee Savings Banks have now been published, and without exception they show substantial increases in the funds of these Banks. For example, Edinburgh Savings Bank shows an increase for the year to November 20th, 1937, of £790,102; Glasgow an increase of £1,956,593; Aberdeen an increase of £359,594; Dundee, of which Mr. A. Lewis Ross, A.S.A.A., is Actuary, an increase of £260,406; and Falkirk and Counties Savings Bank an increase of £138,157. Non-Trustee banks, like Greenock and Airdrie, also show very large increases.

Faculty of Actuaries.

Two interesting papers have been read at recent meetings of the Faculty of Actuaries in Scotland. In a paper on "The Investment Policy of Life Assurance Offices," Mr. A. C. M. Murray, F.F.A., of the Scottish Equitable Life Office, discussed this subject. Until recent years, said Mr. Murray, Bailey's "Canons of Insurance Investment Policy" had remained unchallenged. The following seven rules were suggested as a basis of life office investment under modern conditions: (1) that the first consideration should invariably be the security of the capital; (2) that the highest practicable rate of interest be obtained, but that this principle should always be subordinate to the previous one, the security of the capital; (3) that a large portion of the funds should be invested in securities that are not immediately convertible; (4) that the investments should be widely distributed in relation to redemption dates, in relation to type of security, and geographically; (5) that liabilities should be covered by assets mainly of the same currency; (6) that an active investment policy as defined in sect (3) above should be followed; and (7) that the investment policy and the finance (e.g., bank overdraft facilities, &c.) of the company should be so arranged that an unexpected opportunity for favourable investment or any emergency demand for substantial sums in cash could be readily met without loss whatever the conditions of markets.

The other paper was by Mr. W. K. Bowie, F.F.A., of the Scottish Provident Institution, on "Temporary Assurance Mortality, 1924-35." Mr. Bowie said that the experience was not large enough to justify the construction of a full mortality table, but the results suggested that the divergence between temporary assurance mortality and the standard was not so wide as formerly.

Corporation of Squaremen.

This ancient body held their annual meeting in Edinburgh on New Year's Day. Mr. J. Stewart Seggie, F.S.A.A., Edinburgh, was re-elected one of the office bearers.

Notes on Legal Cases.

[The abbreviations at the end of each of the cases refer to the following law reports, where full reports of the case may be found. The Law Reports and other reports are cited with the year and the Division, e.g., (1925) 2 K.B. :—

T.L.R., *Times Law Reports*; *The Times*, *The Times Newspaper*; L.J., *Law Journal*; L.J.N., *Law Journal Newspaper*; L.T., *Law Times*; L.T.N., *Law Times Newspaper*; S.J., *Solicitors' Journal*; W.N., *Weekly Notes*; S.C., *Session Cases (Scotland)*; S.L.T., *Scots Law Times*; I.L.T., *Irish Law Times*; J.P., *Justice of the Peace (England)*; L.G.R., *Knight's Local Government Reports*; B. & C.R., *Bankruptcy and Company Cases*; All E.R., *All England Reports*.

The other abbreviations used in modern reports are H.L., House of Lords; A.C., Appeal Court (House of Lords and Privy Council); C.A., Court of Appeal; Ch., Chancery Division; K.B., King's Bench Division; P., Probate, Divorce and Admiralty Division; C.S., Court of Session (Scotland); J., Mr. Justice (King's Bench or Chancery); L.J., Lord Justice; L.C., Lord Chancellor; M.R., Master of the Rolls; N.I., Northern Ireland.

COMPANY LAW.

Consolidated Entertainments v. Taylor.

Receiver appointed by the Court.

Lewis (J.) held that, though a receiver appointed by the Court is not the agent of anyone, but is personally liable for all contracts entered into, he is not liable for the rent of the business premises since he is not a party to nor assignee of that contract.

(K.B.; (1937) L.J.N., 382.)

EXECUTORSHIP LAW AND TRUSTS.

In re Brigden: Chaytor v. Edwin.

Trust for Division among Relations.

A testatrix, by her will, directed: "All my possessions to be held in trust after my death and divided equally amongst all my relations."

It was held (1) that that was an effective disposition of all the testatrix's property equally *per capita* among those who would have been entitled to it under Part IV of the Administration of Estates Act, 1925, had she died intestate; and (2) that the word "relations," occurring without further definition in wills executed after 1925, was to be defined by reference to those who, on an intestacy, actually would take thereunder, that was, grandparents and their descendants, just as, before 1926, it was defined, in accordance with a rule of convenience adopted by the Court, by reference to those who, on intestacy, would have taken under the Statute of Distributions.

(Ch.; (1937) 54 T.L.R., 110.)

INSOLVENCY.

In re Conley.

Deposit of Documents.

Farwell (J.) held that a mere deposit of documents as collateral security with no covenant or agreement on the part of the alleged surety to pay part or the whole of the debt, does not make such a person a surety or guarantor within the Bankruptcy Act, 1914, sect. 44.

(Ch.; (1937) L.J.N., 381.)

REVENUE

Lever Brothers Limited v. Inland Revenue Commissioners.

Stamp Duty.

The increase of its capital by a company with a view to the acquisition of not less than 90 per cent. of the

issued share capital of another company, whereby exemption from stamp duty charged under the heading "Conveyance or Transfer on Sale" in the First Schedule to the Stamp Act, 1891, is granted, means that not less than 90 per cent. must be acquired by the increase of capital.

Where, therefore, a company has already acquired for cash over 40 per cent. of the issued share capital of another company, and later issues unissued shares of its own for the acquisition of a further 50 per cent., there has not been an increase of capital by the company with a view to the acquisition of not less than 90 per cent. of the issued share capital of the other company, and exemption from stamp duty cannot be claimed.

(K.B.; (1937) 54 T.L.R., 67.)

Morley v. Tattersall.

Unclaimed Balances Arising from Auction Sales.

A firm which carried on the business of auctioning horses had as one of the conditions of sale a term that no money would be paid to vendors without a written order. Owing to vendors sometimes not requesting the money resulting from auctions to be sent to them, the firm had in its possession certain unpaid balances which it at all times considered itself liable to pay and would pay as and when claims were made. The unclaimed balances were transferred to the credit of members of the firm, but the liability for them was to continue to be borne by the partnership.

It was held that the unclaimed balances when so transferred to the partners became trading receipts and were liable to tax.

(K.B.; (1937) 54 T.L.R., 88.)

Barnes v. Hely-Hutchinson.

Double Taxation.

The principle that where the profits of an English company have suffered English income tax those profits will not suffer further deduction of tax in the hands of the company's shareholders applies also in the case of foreign companies so as to exempt their shareholders from suffering double taxation.

The respondent, a shareholder in an Indian company, received from that company a dividend paid out of the company's profits part of which consisted of dividends paid to the company on shares which it held in two English companies, those dividends having already suffered deduction of English income tax.

It was held that the respondent was entitled to relief from income tax in respect of so much of the dividend received by him from the Indian company as represented the proportion of that company's profits which was derived from the dividends paid by the English companies.

(K.B.; (1937) 54 T.L.R., 93.)

In Re Drake's Settlement Trusts.

Succession Duty.

The Court of Appeal held that the time for ascertaining the predecessor or predecessors from whom a succession is derived within the meaning of the Succession Duty Act, 1853, is the time when the disposition is made creating the succession and not the time when the succession falls into possession and the duty becomes payable.

Where, therefore, A and B joined in an agreement in 1917 to settle property, and subsequently settled the property accordingly, and at the time of the agreement B only had a contingent interest in the property settled, the contingency being that A failed to survive the War (an event which did not happen), A and B were both the predecessors from whom the successors under the settlement derived their successions, although the successions only vested in possession on the death of a tenant for life many years later.

(C.A.; (1937) 54 T.L.R., 98.)